

August 2001

The fact that one is getting older is something that I try determinedly to ignore but the state of the Market at the present gives me a sense of 'déjà vu' so acute that it confirms that I just have to admit that I really have been around in shipping for a long time. This sense of déjà vu applies not just to me in my fiftieth year in the Industry but to the comparatively youthful 26 year old IMIF also.

Last year everything seemed so good. Tanker rates at times reached an unprecedented level, the great Container Lines were predicting steady hard to believe growth in World Trade (requiring not only the building of numbers of Post Panamax container vessels but also substantial Port and infrastructure investment).

The cruise Industry had a vast order book of mega vessels while dry bulkers of all sizes were coming out of the shipyards one after another, likewise fast ferries.

God really was in His Heaven and all seemed right with the World.

Why therefore was IMIF still preaching prudence when there was so much optimism around and so much money to be made?

In 2001 as we all know things look rather different. The oil price and oil production have changed. Despite the Draconian measures against Single Hull tankers and their removal from certain trades, the deliveries of Double-Hull ships have more than met demand and rates have collapsed from their euphoric heights. Indeed 1970's built VLCC's now represent only 26% of available tonnage. More than 70 VLCC's have been scrapped over the last two years and in June this year for the first time since VLCC's were built the number of modern newly built double - hull VLCC's outstripped the number of 70's built ships. So obsolescence is only partly going to assist in bringing supply : demand into balance.

It is hard to know what is really happening in the container trades. The gloom -mongers' talk of World recession has certainly had some effect though curiously and so far not conspicuously on the domestic consumer in the UK or the US. However increased capacity combined with a modest drop in carryings has produced something of a crisis in the main trades, Europe/Far East , Trans Pacific and Trans Atlantic.

Comment on the Dry Bulk and the Reefer trades is superfluous and really almost too sad for this introduction.....

As one example in the Dry Cargo area, the collapse in demand for iron ore has been dramatic. World steel production has been an early victim of global economic slowdown and in Cape- size, the most affected class of vessels, rates have dived from around \$24, 000 a day last Autumn to around \$8 000 a day today.

The traditional reefer owners are busily rationalising and forming pools, but it is probably already too late to save them from the incursion of the container lines.

It is too easy to blame global recession for current woes. The real culprit is the oversupply of vessels. So logically ones mind immediately turns to the question of disposal of older ships i.e. scrapping, (or recycling as it is more euphemistically described these days.)

Scrapping has been much in the news with Greenpeace and other Human Rights organisations denouncing current practices in the major breaking Countries of India and Bangladesh in particular as being disastrous to both the planet and the human beings who earn their bread from doing this disagreeable task. The move is on to insist that all noxious substances should be removed before a ship is offered for sale as scrap. The Industry has responded by the international Chamber of Shipping producing a Scrapping Code endorsed by a wide collection of Maritime organisations. The 'code' will undoubtedly take as long as 10 years to become even partially enforceable

but it is a step in the right direction. Longer term objectives are that Owners and Builders should cooperate in developing more recyclable ship designs and components. A shorter-term objective is to list for both buyer and seller an inventory of hazardous or toxic materials which tend to exist in any scrap-destined vessel. (Asbestos, paint, plastics, refrigerants, chemicals, oils, sludge etc. etc.)

However the area that is not covered as far so I can see is that of cost. Members will recall a Government sponsored scheme in operation in Holland whereby there is a small fee added to the cost of a new car (about 2%) which is put toward a state-of-the-art scrapping scheme. Certainly as a result there are fewer cars abandoned road-side in Holland than we suffer in the UK.

At this year's scrapping conference in Rotterdam in June I once again suggested that human ingenuity should be able to formulate a similar scheme for ships. The idea was greeted with a predictable chorus of rejection on the grounds that the shipping Industry as a whole simply could not support any further cost increase. I find it hard to see, however, how the ship scrap (sorry recycling) Industry can be elevated to a more acceptable level without some form of subsidy or injection of modern techniques including maybe robotics. The margins in the scrap market are so small that the industry could die out completely if it has to conform to the new code without some form of tangible financial help. Codes of Practice, admirable as they are, implicitly involve extra cost.

I also should mention mine and other of our Members participation in the excellently run BIMCO AGM in Beijing in May.

As annexe to this Newsletter you will see the recent activities of IMIF. The series of Working Lunches have been very popular and we have covered many topics. Their success is totally due to the quality of speakers we have had plus the great generosity of certain of our members who "host" these lunches.

I have recently called a meeting of our Deputy Chairmen to consider IMIF's present and future.

Factors are:

1. IMIF's unique position as an unaligned Forum to discuss and comment on the recurring problems of the Maritime Industries is unchallenged. Our "lobbying" activities, where appropriate, continue but are restricted by economic considerations. Travel has similarly been restricted. It is nearly 5 years since I last led our once-annual tour of the Far East.
2. IMIF has a total income of - £70 000. Membership fees have remained unchanged for 20 years and there is a "pinch" because expenses inevitably increase. The latest is a request from our excellent landlords, the Baltic Exchange for a 50% increase in our rent (equivalent please note to about 8 full Members subscriptions). To survive we ought to therefore increase the full Annual fee from £950 to, say, £1250 or, increase membership or, ideally, both. I personally feel that we are one of the most cost effective organisations that exist, certainly in the Maritime World.
3. We must continually review our various activities. What are the priorities? (i.e. over and above our regular informative work.)

I look forward to seeing as many of you our members as possible at our next 26th Dinner on 7th November.

Jim Davis

We are pleased to confirm as new members of IMIF

American Bureau of Shipping ABS	Mr R D Somerville
K J Coles, Amlin plc	Mr S Beale
Euofin International Ltd	Mr J Koenig
Landesbank Schleswig Holstein	Mr E Harris
Permanent Representative of Panama to the IMO	Capt. O Allard
Simpson Spence & Young	Mr P M Kitching (Also Chairman of the Baltic Exchange)

Friday 16th March 2001 12.30-14.30

Venue	:	the Baltic Exchange, 38 St. Mary Axe, London, EC3 / Boardroom.
Hosted	:	by Andreas and George Tsavlis of Tsavlis (Shipping) Ltd.
Speaker	:	James Bell talking on the latest developments concerning ICONS.

James Bell, the former Permanent Secretary of IACs and former member of the IMIF Steering Committee, was one of the three Commissioners under the Chairmanship of Peter Morris, asked to undertake an investigation into the current approach used by governments, industry and interested parties to achieve compliance with international minimum safety, environmental and social requirements; to examine whether the approaches are in line with applicable international law; and to recommend an appropriate enforcement strategy encompassing non- regulatory and regulatory approaches.

The exercise was originally requested and initially funded by the ITF backed by "in kind" support by various government maritime agencies and industry organisations. The outcome is a detailed report entitled "Inquiry into Ship Safety - Ships, Slaves and Competition".

James began with background material on how the Commission "ICONs" - the International

Commission on Shipping came together and functioned. The Commission travelled widely and questioned some 400 people also receiving 125 other submissions on the website. It adopted an 'open' policy, utilising public hearings whenever and wherever possible.

James stated that ICONS realised from the start that the use of the word 'Slaves' in the final report was emotive and that it would cause a reaction from owners but he felt it was fully justified. He acknowledged that 80/90% of merchant shipping is run on a quality and compliance basis but he added the substandard operators are calling the tune. The 10% tail is wagging the dog.

Some delegates present were clearly sceptical as to some of his conclusions but he remained adamant. ICONS had spoken to the padres and clergymen who had to deal with the many incidents. While official statistics confirmed the deaths of 7000 seafarers in the ten years 1989- 99 others estimated up to 20,000 deaths a year in the shipping industry. Of course there was no Association of Substandard Operators to check with, he said - they hide under a stone - and he reminded those present that many ships, e.g. the freezer and factory ships rarely put into port. Some authorities, (he mentioned Belize and Panama), had refused to respond to ICONS' approaches at all '- by fax, 'phone or e-mail.'

In reply to one comment he stated forcefully that the international Regulatory process has 'suggestions up to the eyeballs - it is the failure to implement them which is the problem'. He was quite clear as to the way forward. 'PSC is the solution' - 'PSC is the catalyst for standards'. He was concerned that the EC post-Erika might lead to the marginalizing of IMO, and similarly with the USCG.

He felt however that the substandard operators would face increasing regulation and isolation - the EC and the USCG would no longer tolerate them. He added that although ISM has met with a lot of scepticism it was essential - 'on a daily basis'. ICONS had various recommendations including an International P&I bond system for crew repatriation. The Intl Group says it can't be done - ICONS says it can. ICONS suggests that suspect flags should be offered help for say 2 years but that after that if there was no improvement then class should be withdrawn. Class says this can't be done. Perhaps "name-and shame" might be the answer.

Various other areas of the maritime industries were referred to including insurance, cruise lines, the limited response from Greenpeace , the number of owners who knew nothing of their crew and the conditions suffered by those crews. George Tsavlis felt there could not be that many like that any more. James Bell assured him that there were far more than GT realised. 'When I started this I thought exactly the same as you but now I know differently'.

He ended by saying that the report was complete and that the facts were there - it is now for others to resolve the problems exposed. All in all it was a hard hitting no-punches-pulled presentation - as is the final report.

In the elegant panelled and columned Baltic Exchange Boardroom the IMIF Chairman Mr Davis thanked Andreas and George Tsavlis as hosts and James Bell as speaker for an enjoyable and most useful informative IMIF lunch.

Delegates that attended:

Jim Davis	Chairman, IMIF
James Bell	ICONS - Speaker
Andreas Tsavlis	Tsavlis (Shipping) Ltd - Host
George Tsavlis	Tsavlis (Shipping) Ltd - Host
Rob Lomas	Intercargo
Andreas Chrysostomou	Cyprus High Commission
Nicolas Charalambous	Cyprus High Commission
Jan William Denstad	DVB Nedship Bank
Nigel Barton	Citibank
Struan Robertson	SR&T
;John N. Faraclas	"Shipping" International Monthly review
Alkis Goulandris	Greek Shipping Co-operation Committee
Helen Gurr	LISCR
Alan Brauner	Sinclair Roche & Temperley / F T Everard
Simon Beale	K J Coles
Bridget Hogan	Vanuatu Registries
Paul Gunton	Fairplay
Martin Stopford	H Clarkson & Co. Ltd
Mark Brownrigg	Chamber of Shipping
David Osler	Lloyd's List
Ian Bouskill	Secretary, IMIF

24th April 2001 12.30 / 14.30 hrs

Venue	:	Heath Lambert Group, Friary Court, 65 Crutched Friars, London EC3.
Hosted	:	by David Southwood, Executive Director, Heath Lambert Marine.
Speaker	:	Andrew Craig - Bennett talking on "Sorting out Certification".

Andrew Craig-Bennett is long renowned for his constructive and thought provoking articles in the QuarterPoints column of Lloyd's List which explains why people were 'phoning less than an hour before the lunch to see whether there were any places left.

Andrew's talk on certification started with an example of a ship he knew from a long time back where the Filipino Master of a chemical tanker under Wallem management now needs 7 different bits of paper to do his job. Andrew added that when he last knew the vessel the master didn't then need 7 bits of paper. He pointed out that since then the master's job requirements hadn't changed nor did the vessel carry hazardous cargoes of the sort she carried when a much younger ship. What had changed was the certification. Add to that the various bits of paper required for the vessel (Andrew reeled off a list of them) and the result was a large book, like a photograph album in the master's possession which needed to be inspected by someone, indeed several someones, each time the vessel entered port.

Andrew pondered on just why the quite simple business of carrying goods from place to place by sea now required this snowstorm of paperwork. One suggestion was that whereas in the past older employees of long experience had much valuable knowledge which could be drawn on by younger folk the market has changed and the IT revolution now rules. Mutual trust between people or indeed corporations is not there simply because no-one now has known anyone else long enough to have established such trust. Hence the need to refer everything to independently vouched evidence and a proliferation of regulations, codes of practice and evidence of compliance through certification.

Andrew gave another example of a large British container line which had dealt for years with a large British chemical s company and was suddenly informed that if they wished to continue having dealings they must produce ISO 9002 certification. Their first response was unprintable, the second that none of their competitors had ISO 9002 either and third was to go and get it. Andrew asked all to note that there was no criticism of the container line's service or price. The customer simply wanted a piece of paper to confirm to themselves what they already knew.

This demand for certification, he said, is like a virus - it replicates at speed and the only safeguard is to obtain "inoculation" in the form of a certificate however absurd that may be. And it will continue. We don't live in a global village where everyone trusts one another - we live in a global economy where the reverse is true. Andrew went on to discuss forgery of these bits of paper and variations,

referring to David Cockroft's purchase of a "genuine" Panamanian certificate of competency as a deck officer to which he was not "genuinely" entitled. Other examples included a phantom ship of 1881.

Andrew emphasised 'other' costs. He referred to a licence ' with the wrong address' necessitating a replacement dash to allow an expensive new ship to deliver into her charter. Cost of licence £20 - cost of courier £268!!

Andrew offers a vision of a perfectly possible alternative future. You want to charter a ship so you or your broker look up all her certificates on the Internet where they are held on secure servers. The Owners have given you the passwords as part of the fixture negotiations. Class and the Flag State and the P&I Club hold similar proof of good order - you can lift the subjects on the fixture. As she approaches port the authorities check the vessel's documentation in the same way. Crew certificates can be checked electronically via web servers for their own nation states. Each crew member carries an electronic card rather than a Seamen's Book which has his photo and all relevant details. The same card can give the crewmember 'phone access and cash access in port. No delays, no queues in the Master's day cabin, with port dues, health clearances, approaches to the Suez or Panama canals via electronically cleared Bills of Lading and all ship agency matters handled the same way.

Two main advantages are the saving of time and the fact that as all documents never leave the custody of those who issue them they cannot be faked. Andrew pointed out that the technology exists, that a major Flag State is now starting to house all their inspection surveys in an electronic warehouse - doubly encrypted by both parties so that neither can tamper with it (a small plug for Wallems who developed the system). Andrew finished by hoping that a Class Society or a Flag State or a P&I Club would start the process off - very soon. The costs are small, the benefits large. To prove it was not fantasy Andrew then produced brochures with CD, enquirers for the use of!

The response from the delegates was positive and constructive although with as many questions raised as answers. The legality of e-mail (it is US sanctioned but the EU is still debating who has responsibility of editing info - server or user); the small port without electrical equipment- the master without knowhow (Andrew's comment - the majority is IT literate/ half the population of Vietnam is computer literate - if Vietnam can survive so can the rest of the world). Clearly there are practical problems to overcome but they can be resolved and will be.

Jim Davis thanked host David Southwood for a splendid lunch and the speaker, Andrew Craig-Bennett for a taste of the future. "The ability is there, acceptance not yet, but it will all move forward."

<i>Delegates that attended:</i>	
Jim Davis CBE	Chairman, IMIF

David Southwood	Heath Lambert Marine
Andrew Craig-Bennett	Wallem Limited
Simon Beale	KJ Coles, Amlin plc
Simon Booth	Citibank
Alan Brauner	Sinclair Roche & Temperley
Jim Buckley	The Baltic Exchange
Andreas Chrysostomou	Cyprus High Commission
Dominic Coleman	Heath Lambert Marine
Eric Deans	Maritime Authority of Jamaica
Jan Willem Denstad	DVB Nedship Bank
John Faraclas	"Shipping" Intl. Monthly Review
William Farmer	Bankassure Insurance Services Ltd
Richard Greiner	Moore Stephens
Alistair Groom	Charles Taylor - Standard P&I
Jeremy Hodgson	Deutsche Schiffsbank AG
Bridget Hogan	Vanuatu Registries
Roger Holt	Intercargo
Peter Kitching	SSY, Chairman The Baltic Exchange
Ryusuke Matsuo	Japan Ship Centre
Ravi Mehrotra	Foresight Group
Otto Norland	Northern Navigation Intl. Limited
David Osler	Lloyd's List
Stelios Panagiotou	DVB Nedship Bank
Struan Robertson	SR&T
Richard Sayer	Ince & Co
Chris Spencer	C F Spencer & Co
Robert Wester	DVB Nedship Bank
Jon Whitlow	(ITF)
Peter Vroon	Vroon BV
Ian Bouskill	Secretary, IMIF

Tuesday 22nd May 2001 12.30 - 14.30

Venue	:	Moore Stephens Training Centre, 1 Snow Hill, London EC1
Hosted	: ;	Richard Greiner, Partner - Moore Stephens
Speaker	:	Dr. Les Callow, Director, Amtec Consultants
Subject	:	"Double Hulls - are they all they're cracked up to be?"

By the time Dr Les Callow was three-quarters of the way through his presentation some delegates were clearly wondering whether it was not too late to start a new career in another industry - or perhaps whether it was still not too late to cancel the latest loan made on a double hull tanker. Like a professional stage entertainer he removed layer after layer of what you thought you saw to reveal the true situation underneath and the final outcome was significantly disturbing.

Exhibit A - a double hull tanker - cost say \$60M - life expectancy say 25-30 years - with the added bonus, as any politician can tell you, that it has been designed as the perfect solution for the prevention of oil spillage. So it may seem says Dr Callow - but consider the following. Over the years with single hull tankers everyone has come to know the nature of the problems associated with them - the single hull tanker is a known beast - the double hull tanker is not.

He concurred that no two dh tankers were the same. You might be lucky and retain a vessel in pristine condition but others he added were total disaster areas. With photos and tables he introduced delegates to those 'others', dh tankers experiencing severe premature corrosion attributable to a variety of factors. They include the failure of uncoated surfaces to form a protective film when the corrosion products on the surface of the steel first come into contact with crude oil. They include the fact that much of the area inside a dh tanker is not coated. Unlike single hull tankers dh tankers corrode on four fronts, with a more critical structure - many more joints/ welding/ overall area. He commented that class does not take account of fatigue enhanced by corrosion. Coatings too have changed - epoxy is the major development - but coatings must now be done much more frequently.

With a series of rapid sketches he explained the construction of a dh tanker, effectively a girder - with mild steel in the middle and high tensile steel above and below. He explained the problems of accessibility to the ballast tanks subdivided into bays not all of which had inspection ladders. Hence the problems of trying to spot corrosion in areas 30 metres square 'from a distance'. A dh tanker is really 2 ships, one inside the other and there are problems predicting where buckling and later in life where cracking will occur.

A major issue is temperature. Cargoes taken in hot locations such as the Gulf in summer routinely

loaded at temperatures of 50° C will by conduction through the single hull routinely drop to sea temperature within a few days. In a dh tanker the cargo is insulated by the airgap produced in the ballast tanks and the temperature may drop by only 10° C throughout the voyage. At higher temperatures the rate and type of corrosion is significantly different with protective scales above 40° C being less protective than those generated at lower temperatures and with corrosion rates up to four times higher on a laden dh voyage. Add further ingredients - gas free cleansing methods, changes in the steel, increased levels of vibration due to greater flexibility of the hull, and higher quantities of sulphur in the cargoes as oil wells become sour.

Having seen the severity of corrosion shown in the photos the delegate from the IMO asked how long ago the photos were taken bearing in mind that these were modern dh tankers and was told that some of the vessels 'were up to nine years old'. JGD asked what guaranteed a good tanker and was told that it depended on where they were built, how well they were coated and the way in which they were tested.

A large proportion of the dh tankers won't make their design life of 25-30 years said Dr Callow without significant attention in later years. A \$60M dh tanker might well incur maintenance costs of a further \$15M during its lifetime to include coating costs and labour. He added as a parting warning that corrosion is not uniform which makes it even harder to spot.

Thanking the speaker the host Richard Greiner commented that if he were head of the EU having seen this presentation he would not be promoting double hulls, and would be seeking extra legislation for maintenance of them and, 'speaking as an accountant', the way of accurately forecasting the life of a ship was clearly going to be a problem.

JGD thanked host Richard Greiner and speaker Les Callow adding that IMIF must continue to follow this closely. More noise must be made as clearly there were those who did not want the problems discussed or seen. He would raise the issue when he next went to Brussels.

<i>Delegates that attended:</i>	
Jim Davis CBE	Chairman, IMIF
Richard Greiner	Moore Stephens host
Les Callow	Amtec Consultants speaker
David Anstis	Moore Stephens
Nigel Barton	Citibank NA
Alan Brauner	SR&T
Nic. Charalambous	Cyprus High Commission, Maritime Section

Andreas Chrysostomou	Cyprus High Commission, Maritime Section
Rex Harrington	Shipping Adviser, The Royal Bank of Scotland
Bridget Hogan	Vanuatu Registries
Roger Holt	Intercargo
Paddy McKnight	Japanese Shipowners' Association
Otto Norland	Northern Navigation International Limited
Stelios Panagiotou	DVB Nedship Bank
Chris Papathanassiou	Cheeswright's
Paul Powell	Moore Stephens
Jean Richards	Fairwind Shipping Limited
Richard Sayer	Ince & Co
Koji Sekimizu	International Maritime Organisation
Howard Snaith	Intertanko
Richard Towell	Fairwind Shipping Limited
Jonathan Ward	Sinclair Roche & Temperley
Robert Wester	DVB Nedship Bank
Ian Bouskill	Secretary, IMIF

Tuesday 19th June 2001 / 12.30 - 14.30 hrs

Venue	:	Stephenson Harwood, One St. Paul's Churchyard, London EC4
Hosted	: ;	by Andrew Keates, Partner, Stephenson Harwood
Speaker	:	Brian Orrell, General Secretary, National Union of Marine Aviation & Shipping Transport Officers (NUMAST)
Subject	:	Recruitment problems in our industry.

Brian Orrell is well-known for his uncompromising integrity put across in the pleasantest of ways and this presentation was to confirm it. He believes that recruitment problems are the most important single issue confronting the shipping industry today.

He began by correcting a misapprehension which too many people who should know better were still expounding - the myth that young people don't want to go to sea anymore. This he said owes little to reality. Here in the UK cadetships are massively oversubscribed and the few valiant companies that do provide training (he cited P&O and Maersk) are turning away anything between 5 - 10 quality applicants for every place they have. The reality is that there are too few companies recruiting too few people and if present trends continue there will be a 40% reduction in UK officer numbers over the next decade. Statistics confirmed an increasingly ageing workforce (Seafaring age range 1980's 20-35; by 1992 51% over 40; and now 73% of deck officers and 70% of engineers over 40). It is not just a UK problem - the ISF/BIMCO surveys have demonstrated the scale of the global problem and at a recent conference in Tallin it was stated that demand would soon outstrip officer supply by 20%.

In the UK the industry should be taking on 1400 cadets a year to maintain the country's maritime infrastructure and on a global front the ISF suggested ten years ago that there should be one cadet for every ship at sea. At present the number of ships at sea is estimated at 26,000 in the world fleet yet barely 4,400 cadets graduated as officers last year.

The industry has its head in the sand and its hand on its wallet, Brian added. The writing is on the wall and still the industry acts as if masters and officers can be produced at the stroke of a magic wand. The world fleet is at its largest size ever - almost 800 million deadweight tonnes and short term supply from the former eastern bloc is drying up while China produces only enough to meet its own domestic demand.

The responsibility, Brian bluntly stated, lies with the senior management of companies who allocate the amount to spend on training. They should be asked "What did you spend last year? What are you spending now? What do you intend to spend next year?" Training should be regarded as an investment in the future and not, as it appears to be regarded by some as just a cost for today.

It needn't cost a great deal. Assistance is available in the UK under the SmarT scheme and a cost per cadet of approximately £15,000 under the scheme when combined with tonnage tax benefits virtually makes training a zero cost option. He hoped that the Chamber of Shipping would name and shame those who aren't helping and alongside the stick proposed carrot rewards and incentives for those who do.

It is up to you - the shore based industries - to make the change. You have a heavy reliance on skilled seafarers, some 14,000 in the UK alone - the buck stops here. Things have to change and you can help do it.

The discussion which followed was lively. Mike Grey alluded to the EU's comment that mariners aren't paid enough; Jim Davis compared the industry 10 years ago with today's conditions. Brian Orrell agreed that they had changed a lot, however youngsters now still enjoy the job as it is not having any knowledge of past conditions to compare it with.

Basil Papachristidis thought the number of jobs available had gone down since the introduction of tonnage tax. Are any foreign firms here training cadets? he asked. Very few, was the reply.

David Taylor referred to the Lloyd's cadet scheme with 30 cadets in training. They attract the best candidates - the problem is that there are no jobs, no berths later. One solution might be to stagger/rotate intakes. The P&O/Nedlloyd structure is dead persons shoes. Also many British owners are flagging out. All the delegates expressed similar problems and doubts as to whether solutions were imminent in the UK or Greece or even Taiwan (Captain Chang of Evergreen had recently referred to local shortages of trained seafarers).

Jim Davis thanked host Andrew Keates and speaker Brian Orrell for another excellent exercise. If anyone did have any good ideas would they please forward them to him c/o IMIF

<i>Delegates that attended:</i>	
Jim Davis CBE	Chairman, IMIF
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Brian Orrell	Numast, speaker
Alan Brauner	SR&T
Nic. Charalambous	Cyprus High Commission, Maritime Section
Janet Ching	Stephenson Harwood
Andreas Chrysostomou	Cyprus High Commission, Maritime Section
James Cowley	Vanuatu Maritime Administration
Peter Cowling	Wallem Ltd
Chris Ellison	Maritime London
Mike Dance	Jackson Parton
Norman Douglas	Le Lloyd Anversois
John Faraclas	Shipping International Monthly Review
Richard Greiner	Moore Stephens
Michael Grey	Lloyds' List
John Habberley	Warsash Maritime Centre
Peter Handley	Stephenson Harwood
Rob Heyliger	ING Bank
Bridget Hogan	Vanuatu Registries

Michael Kingshott	Jacobs Holdings plc
Rob Lomas	Intercargo
Anthony Mangion	Registrar, Malta Maritime Authority
Stephen Martin	Stephenson Harwood
Ryusuke Matsuo	Japan Ship Centre (JETRO)
John Nixon	Smits
Otto Norland	Northern Navigation International Limited
Basil Papachristidis	Papachristidis (UK) Ltd
Nicholas Parton	Jackson Parton
Andrea Pavlou	Stephenson Harwood
Richard Sayer	Ince & Co
Serghios Sergiou	Director and Registrar of Cyprus Ships
David Taylor	International Underwriting Association
Philippa Wright	Foresight Group
Lino Vassallo	Registrar General of Shipping, Malta
Ian Bouskill	Secretary, IMIF
and other representatives from Stephenson Harwood	

IMIF Delegation to EC Maritime Safety Division, Brussels Wed. 20th June 2001

The purpose of the meeting was to hear and discuss the European Commission's total attitude to Maritime Safety including double hulls and the problems arising/ the role of the Classification Societies/ the view of and relationship with the IMO/ the role of Port State Control/ Flag State Responsibility/ and Equasis

Willem de Ruiter began by introducing his team and gave a brief resumé of his own career background to date. The Chairman then introduced the IMIF delegates and gave a brief explanation of IMIF's history, background and aims. He referred to IMIF's previous close contact with commissioners and division heads and the excellent relationship established with Roberto Salvarani. Since then a series of changes in EC personnel had temporarily severed the link but he hoped it would now be re-established.

Post Erika some unfortunate apparent differences of opinion had been aired in the maritime Press

and with the EC now so obviously 'interested' in shipping, especially safety IMIF felt that a visit by a representative group to meet and assist 'not in a spirit of confrontation' was appropriate.

The discussions were frank and uncompromising. On double hulls JGD pointed out that although all accept that double hulls are now here to stay they are a new element with a new set of maintenance problems (particularly corrosion) that will have to be attended to. W de Ruiter seemed to side-step this issue. The corrosion point was well-known he said but the decision to go for double hull tankers "was made by IMO in 1996 and therefore the problem is not an EU matter - we are outsiders in this matter". JGD refuted the disclaimer. You are not outsiders - the EU made the decision to ban single hull tankers from EU waters - not IMO.

WdR said he had two criticisms of IMO.

1. - that the IMO timetable is too slow, (adding that the EU has no opinion on technical standards) -"if accidents happen it is the public that will complain" and
2. - that the IMO implementation is for vessels over 30,000 tonnes. 60% of tankers operating in EU waters he added are below this size so the rule needs extending to all vessels.

Jim Davis next referred to press reports of EU criticism of IMO. "The EU has no problem with the IMO" said WdR "IMO may have a problem with the EU". He identified one problem as being those IMO members who sign up to the convention but do nothing to enforce it. George Tsavlis thought WdR was too harsh in his criticism of IMO. There have been vast moves over 15-20 years now, he said, IMO is not a failure. He referred to the Castor situation. Tsavlis were the salvors. Both Class and the IMO helped, he said. The failure to meet their obligations to a vessel in need came from member states of the EU.

Questioned further WdR confirmed that for the EU the IMO is the one and only rule-making body and has done useful work "but once in a while it is less successful." The members of IMO are sovereign states and IMO has no power of enforcement over those states. He added that he felt the industry has too much influence in IMO especially with regard to the environment, with standards set at the lowest level.

He returned to the double-hull issue. "IMO agrees that double hulls are needed and has fixed a timetable to replace them. The US has taken a strong view. The EU as a region feels the need to be the locomotive of the process - if IMO doesn't fix it we shall go for an EU setting."

Jon Whitlow (ITF) sympathised with WdR. IMO is disfunctioning in many areas, he said, citing personnel, etc. We wish the Commissioners could do more.

Peter Kidman (Intercargo) asked WdR's opinion on self-assessment. WdR shook his head. We refuse to comment on it, he said, or go to any of the meetings. Jon Whitlow (ITF) was also critical about it.

On Class WdR seemed equally immovable. In reply to Robin Bradley's reminder that IACS had

given a great deal of input to the EU proposals WdR said that the main element at central EU level is 'quality control'. Class must have EU recognition, he added. If PSC statistics showed any decline in standards there could be the possibility of the EU withdrawing class role. Class was also referred to when Capt. Akatsuka talking of SOLAS and MARPOL commented on the latest STCW white list. The Captain said it seemed that anyone who applied was approved. WdR acknowledged that no-one had the perfect answer - including the EU.

He said that IMO agreements are translated into EU law which is implemented - including fines. He alluded to EU expansion and the consequences for Cyprus and Malta, two large registers. They must meet these rules he said. But how do we enforce Honduras for example. It will have to be by enforcement - the Class Societies "will have to improve."

On flag responsibility WdR replied to Jon Whitlow's comments on sub-standard flags that an ultimate possible measure might be not to allow ships of certain flags to enter EU waters. Peter Kidman felt that the EU was already effectively doing this with its PSC proposals. WdR emphasised that PSC targets individual ships, not the flag. If it has many detentions and is also under a black-listed flag then it might be banned from EU waters but based on the ship's record. We are not planning to use the flag method although we have discussed it in theory.

Ravi Mehrotra was sceptical. "If a flag is banned a ship can reflag and reclass within 24 hours." Equasis was generally praised as a useful tool. David Taylor spoke of underwriters liking for it. Graham Edmiston agreed but emphasised that the regulators needed to interface more - shipping is essential to everyone's lifestyle but it has to make a living - the more regulators understand about industry the more things will improve. An oil spill is a politician's god-send in this media exposed world, he added but accidents do happen. Many casualties are to modern ships with good crews.

George Tsavlis added that shipping actually causes only 5/6 % of world pollution. The proposed European Maritime Safety Agency was discussed and also black box issues.

Lunch followed with wishes from JGD that these meetings utilising IMIF's knowledgeable and varied membership be re-established on a regular basis.

<i>IMIF Delegates</i>	
Jim Davis CBE	Chairman, IMIF
Robin Bradley	Permanent Secretary, IACS
Struan Robertson	Senior partner, SR&T
Jon Whitlow	Secretary, Seafarers Section, ITF
Peter Vroon	Chairman, Vroon BV

Ravi Mehrotra	Chairman, Foresight Group
Ian Bouskill	Secretary, IMIF
Koichi Akatsuka	General Manager, Japanese Shipowners' Association
Peter Kidman	Safety,environment& technical manager INTERCARGO
David Taylor	Special adviser IUA ; Perm. Secretary, Joint Hull Committee
Graham Edmiston	Chairman,Bilbrough & Co, managers,London P&I Club
George Tsavliris	Director , Tsavliris (Shipping) Ltd
<i>EC Maritime Safety Division:</i>	
Willem de Ruiters	Head of Division
Maria Brättemark	Double hulls / Equasis
Henrik Ringbom	Maritime lawyer
Béatrice Thomas	Maritime lawyer
Jacob Terling	Class & PSC
Benoit Rigaud	Trainee