

## Newsletter December 2000

<b>TO ALL IMIF MEMBERS</b>	<b>DECEMBER 2000</b>
<u><b>Some thoughts on Dragon Year</b></u>	
<p>The Chinese year of the Dragon has progressed nicely since our last Newsletter. Rates have remained high, improving even in the Container World, - but they have needed to in view of massively increased Bunker costs. The Shipyards are generally enjoying full order books (that fact should elicit some caution) so everything seems rather nice. Let us hope it remains so and that we do not spoil the party by over optimism as in the past.</p>	
<p>A definitive event which has had extraordinary consequences was of course the sinking of "Erika". In line with today's "Blame Society" there has ensued an avalanche of accusation and counter accusation against inter alia the Captain, the Flag State, the (French) Charterers/Cargo owners, the Classification Society, the IMO, in fact everyone. Unsurprisingly, since it was the French Coastline which suffered most from the spill, the European Commission enthusiastically joined the debate. In forthright fashion Madam Georgette Lalis, Director for Maritime Transport, DGTREN declared uncompromisingly that the Commission would be formulating more stringent rules particularly in regard to enforcing Double Hulls in European waters. This would happen because (sic), "IMO is so slow in implementation" and was declared despite any misgivings that some may have of the merits of Double Hulls.</p>	
<p>The regrettable thing about all this is that not for the first time more and more "Authorities/Regulators" are being established to oversee and survey Merchant Ships and their operation and Madame Lalis has somehow overlooked her predecessor Roberto Salvarani's wise words to the effect that the problem is lack of enforcement. "There is a growing culture of non-enforcement" he used to say. "We already have enough regulation".</p>	
<p>It must surely be wrong to appear to diminish the Authority of IMO. On the contrary IMO needs everyone's support towards correcting any shortcomings it may have.</p>	
<p>The other sad Maritime accident that shook us all was the stranding and loss of the Greek Island ferry "Express Samina". Prima facie, although the matter remains sub judice the fault here was not the fabric of the ship but poor navigation ... in other words the human factor, which has always been the major culprit in Marine accidents.</p>	
<p>Crewing and training remains a very serious problem. Those who go to sea nowadays tend to come</p>	

from many nations (as many as 40+ nationalities can form the crew of a large Cruise Vessel) and training - particularly safety training - of these excellent candidates is absolutely vital.

It is interesting that for Cruise Ships alone - with the massive current building programme - no fewer than 7500 extra trained Deck and Engine officers are estimated as being required over the next 2/3 years.

Safety, in all its aspects, has been the great topic and has been made the more so by a number of dreadful accidents on shore (principally railways) and in the air. This has encouraged a constant series of articles and comment in the media. "Blame" predicates that some person must be found to be responsible so, similarly to "Erika", attacks have been made on every conceivable person involved in the Transport Industry.

The good that may come from all this - together with Road blockades in France and the UK - is that the public at large have suddenly realised just how much their daily life depends on Transport in all its forms. For years I have described transport as the "under rewarded industry". So efficient has been the matrix of performance that the whole logistic process has been cheerfully accepted and ignored. This has led to the "just in time" concept whereby everybody - even supermarket grocers - have been able to keep stocks at the bare, almost daily, minimum.

But when things go wrong, even for a few days, there is panic buying in the food shops and at the petrol pumps.

This should mean that this is the ideal time to sing the song of how much is owed to our Maritime Industries and how vital it is to keep them efficient and safe by paying a proper amount for the remarkable service being given.

A nice thought to end on!

J.G. Davis

P.S I should of course like to thank all of you for your continuing support of IMIF and to wish all of you the Season's Greetings and a very Happy and a Prosperous New Year.

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## **Activities**

Three further IMIF events have taken place since our last newsletter in September.

The first of these was the three-day "[1st International Shipping Convention](#)" held at the Hurlingham Club in London on the 18th-20th October 2000 under the auspices of Lloyd's List Events and endorsed by IMIF.

As an ambitious new venture with an experimental format it turned out to be very successful. There were reservations as to its location, certainly pleasant but not conveniently accessible from the commercial centre of London. However, this apart it was considered sufficiently successful for Lloyd's List Events to be fully committed to repeating the Convention again next year. So an early advance note for your diary. Provisionally it is scheduled to take place on 17th , 18th and 19th October 2001 at the very much more accessible and newly refurbished Tower Thistle Hotel, London. A report on the Convention is printed elsewhere in this newsletter.

The second event was the IMIF Annual Dinner held at the Four Seasons Hotel, Park Lane on 1st November. It was also the 25th anniversary of the founding of IMIF. As always it was well attended and despite the chaotic rail conditions prevailing IMIF members and their guests were still to be found enjoying the party atmosphere at well past mid-night. The Annual Dinner is always held on the first Wednesday in November which in 2001 will be 7th November - another advance note for your diary. The third event was the IMIF luncheon hosted by Graham Edmiston of the London P&I Club when Dr Ian White of ITOPF gave a really splendid presentation on oil spill response in the light of "Erika". We were happy to welcome the Registrar of Shipping for Cyprus, Mr Serghiou Serghiou and the Registrar of Shipping for Malta, Mr Lino Vassallo to this luncheon. You will find a detailed summary of this presentation in this newsletter which it has been suggested should be structured for prime time television viewing by the public at large as an explanation of the real facts concerning oil spills as opposed to the emotional hype with which it is usually fed.

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We are pleased to advise that the following organisations have agreed to become members of INHF:-

Northern Navigation International Ltd  
The United Kingdom Major Ports Group Limited  
DVB Nedship Bank

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IMIF activities for 2001 are in the planning stage at present as we try to finalise dates mutually convenient to the buffet luncheon hosts and our guest speakers. An IMIF Shipping Bankers' Forum is provisionally scheduled for the week commencing 12th February 2001. The IMIF Shipping Banker members are being contacted direct to establish the most mutually convenient date for the majority. The discussion at this session will be led by Mr Fred Weenig of ABN Amro Bank, Rotterdam. An IMIF delegation to visit the EC Director of Maritime Transport Madam Lalis is under negotiation. We are also approaching a possible panel of speakers to address a Forum on the whole Double Hull syndrome so beloved by politicians but subject to considerable reservations by many others in the maritime industries. Details of all these items will be with you early in the New Year.

We continue to progress along the electronic office route and it would be immensely helpful to us if you could please complete the attached membership details form especially with your e-mail address - and fax it back to the Secretariat here at our offices in the Baltic Exchange. Many thanks.

Ian Bouskill  
Secretary, IMIF

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### **The 1st International Shipping Convention**

Members will recall the 1st International Shipping Convention organised in October by Lloyds List Events which was "endorsed" by IMIF and Chaired by myself . A number of you were able to attend either as participants or speakers

The Conference had an ambitious aim in that in two days it set out to review the whole Maritime scene and its new ingredients (e.g. IT, e-business) plus the increasing regulatory measures towards safety, liability, plus (a familiar theme for IMIF) the need better to harmonise the strategies of the Members of the Maritime scene. The Conference sought to examine, in break- out sessions, the current issues facing Bulk, wet and dry, Liner Shipping (Containers) and Cruising.

In some ways the Conference was an outstanding success and papers were given which contained novel lateral thinking and avoided mere repetition of well documented facts.

Apart from Chairing the plenaries I decided to chair the cruising sessions, as an area where so much is happening and where decades ago I was so greatly involved.

The criticisms of the Conference were few but important.

1. The Venue. Hurlingham Club, is delightful and set in non-distracting acres of grounds. However it is far from the centre of London and public transport, even taxis, is in short supply. It thus prevented delegates from "popping in" for sessions they particularly wanted to attend without totally neglecting their offices and business.
2. The Three Categories have many important things in common (e.g. Safety, Manning, Training, Financing). There is a distinct cross-over of ideas and many - not least I myself - would have liked to attend other sessions which were running concurrently with ones own.

It would with hindsight have been better to have kept the Conference together under one Chairman and confine the break-out sessions to detailed topics peculiar to that branch of Shipping. Time keeping was something of a nightmare for the Chairman and fewer papers would have been better allowing for more audience participation and questions.

It is proposed by Lloyds List Events to repeat the Conference annually but in a more compact form and once again it will be "endorsed by IMIF"

J G DAVIS CBE  
Chairman, IMIF

**IMIF luncheon**

**Friday 17th November 2000**

**12.30- 14.30**

**hosted by Graham Edmiston., Chairman, A Bilbrough & Co Ltd, managers,**

**The London Steam-Ship Owners' Mutual Insurance Association Limited**

**Venue - 50 Leaman Street, London E1 8HQ (tel 020 7772 8000)**

**Speaker: Dr Ian White, Managing Director, The International Tanker Owners Pollution Federation Limited (ITOPF)**

**Subject: 'Have we learnt anything new from the Erika in terms of oil spills?'**

The following people attended the luncheon.

Mr Jim Davis CBE Chairman IMIF

Mr Graham Edmiston The London Steam-Ship Owners' Mutual Insurance Association Limited

Dr Ian White Managing Director ITOPF

Mr Nigel Barton Global Shipping Division, Citibank NA

Mr John Blacker Clyde & Co

Mr Jens Bloch Topdanmark Insurance

Mr Jim Buckley Chief Executive, The Baltic Exchange Ltd

Mr Nicolaos L Charalambous, Counsellor, Maritime Affairs, Cyprus High Commission

Mr Andreas I Chrysostomou, Counsellor, Maritime Affairs, Cyprus High Commission

Dr James Cowley, Perm. Rep. to the IMO, Republic of Vanuatu Shipping Register

Mr Mike Dance Hewett & Co

Ms Holly Dymock Fairwind Shipping Ltd

Mr Henning Falck Topdanmark Insurance

Mr John Faraclas "Shipping" International Monthly Review

Mr Richard Greiner Moore Stephens

Mr Rex Harrington Shipping Adviser, The Royal Bank of Scotland plc

Mr Paul Hinton The London Steam-Ship Owners' Mutual Insurance Association Limited

Mr Nicholas King Moore Stephens

Mr Christopher Lowe Watson Farley & Williams

Mr Stephen Martin, Steamship Mutual Underwriting Assoc Limited

Mr Ryusuke Matsuo Director General, Japan Ship Centre(JETRO)

Mr Otto Norland Northern Navigation International

Mr Tony Nunn International Union of Marine Insurance

Ms Janet Porter Lloyd's List

Mr Tom Saul The London Steam-Ship Owners' Mutual Insurance Association Limited

Mr Richard Sayer, Ince & Co

Mr Serghios S Serghiou Director, Dept. of Merchant Shipping & Registrar of Cyprus Ships

Mr David Southwood Exec. Director, Heath Lambert Marine

Mr Lino Vassallo Registrar General of Shipping, Malta Maritime Authority

Mr Joseph Zerafa Technical Manager, Malta Maritime Authority

Mr Ian Bouskill Secretary, IMIF

30 delegates attended the IMIF luncheon to hear Dr Ian White's presentation on oil spill response with regard to *Erika*. Ian White opened the proceedings by suggesting that perhaps he was partly to blame for the *Erika* accident! He informed all those present that shortly before the vessel got into difficulties ITOPF had published its annual Ocean Orbit newsletter. The leading article had reminded readers that previous 'landmark' tanker spills had occurred at 11 year intervals - *Torrey Canyon* in March '67, *Amoco Cadiz* in March '78, *Exxon Valdez* in March '89. The theoretical conclusion was that the next 'big' one should be due in March 2000. *Erika* actually came to grief in December '99 - "so the French were 4 months early!"

Dr White briefly summarised the consequences of the oil spilled from the *Erika* contamination of 400 km of coastline with the major resources affected including tourism, fisheries (particularly oyster cultivation) and salt production. He commented how history repeats itself - in March 1980 France had suffered an almost identical spill from the *Tanio*, which had spilled 14,500 tons of heavy fuel oil on the North Brittany coast. He also pointed out that during the last 10 years five tankers had broken in two and sank. All were carrying heavy fuel oil cargoes. He queried whether this was indicative of the quality of tankers generally used to carry this environmentally unfriendly product.

The type of oil to be tackled in a spill is important. The most difficult are usually heavy fuel oil (BFO) and heavy crude. Such oils do not break down naturally and so with wind and currents they can travel great distances, contaminating long lengths of coastline and economic and environmental resources. Such spills are therefore among the most expensive. Dr White contrasted the lack of cleanup required after the spill of 85,000 tons of light crude oil from the *Braer* with the far greater problems caused by the 20,000 tonnes of HFO from the *Erika*.

Whilst a spill of the type and magnitude of the *Erika* would present severe challenges to any country, Dr White expressed surprise that the French response was not better in view of their previous experience of dealing with major spills in Brittany (e.g. *Amoco Cadiz* and *Tanio*) and the resulting attention that had been given to contingency planning. France also had the benefit of one of the world's best groups of technical advisers - CEDRE - that had been set up after the *Amoco Cadiz*. The main problems arose (as they do in most spills) from poor organisation and management of shoreline cleanup (which relies on local government authorities), lack of adherence to contingency plans and unwillingness to accept technical advice. Frustratingly, these deficiencies can lead to the lessons of past spills being ignored and previous mistakes being repeated.

With a series of slides he sought to demonstrate some of the technical problems, including the incorrect deployment of defensive booms. Some had been deployed in areas of strong currents with

big tidal changes with the result that they had broken. Others had been deployed in a futile attempt to protect areas of open coast exposed to strong wave action. The long length of shoreline contamination required the use of a large number of people, including the military. Unfortunately, rather than being rotated to give them adequate rest periods, each group of soldiers was replaced after a relatively short tour of duty. This meant repeated training of new groups of soldiers. He also pointed out humorously that further loss of productivity resulted from a rigid insistence on a two-hour lunch break, regardless of the state of the tide!

He admitted that difficult cleanup problems confronted those in charge, including the inaccessible nature of some of the coastline. Oil trapped in these areas provided a reservoir for re-contaminating beaches that had previously been cleaned. There was also the usual problem of how much further cleaning should be done once the bulk of the oil had been removed. Marine life (environmentalists please note) in many areas was, for example, more severely damaged by 'aggressive' cleanup techniques needed to remove residual oil from rocks rather than by the oil itself. Many marine plants and animals do not mind a little oil but dislike being 'steam-cleaned'! There was also the problem of what to do afterwards with the enormous amount (some 200,000 tonnes) of mixed waste (oil, sand, stones, seaweed, plastic sheeting, damaged booms, cleanup tools etc) generated by the cleanup. Most governments, he added, remain unwilling to address this problem before a spill occurs. If it were not for the fact that TotalFinaElf assumed responsibility for handling and treating the *Erika* waste at their Donges refinery enormous difficulties would have ensued.

Summing up Dr White reflected on whether the Erika cleanup had taught us anything new? His conclusion was "not really". The fundamental technical problem of combating oil on the surface of the sea stems from the fact that it spreads very rapidly and soon covers a very wide area. Dr White said that this was analogous to a forest fire. While only a metre square in area it can be extinguished by a bucket of water but if this short 'window of opportunity' is missed and the conditions are right it can soon engulf hundreds of metres or tens of square miles of trees and become uncontrollable. Likewise with oil spilled on to the surface of the sea. He doubted there would ever be a simple technological solution to this problem - the only answer, and it must be given top priority, is "prevention". However, spills could be cleaned up more effectively than is usually the case if we applied the lessons of past events. Unfortunately, this often does not happen due to inadequate contingency planning, poor organisation and management of response operations (particularly on shorelines) and an unwillingness to accept international and national technical advice. Part of the problem stems from the fact that response decisions are often geared to satisfying political, public and media perception rather than technical reality.

David Southwood regaled delegates with recollections of the occasion while serving in the Armed Forces when he was in charge of a convoy of soldiers sent to help deal with the *Torrey Canyon* spill. He recalled the problems of getting the convoy across the Tamar Bridge into Cornwall - with bridge officials more concerned about collecting the appropriate tolls than allowing the convoy across the bridge to deal with a major oil spill. And two years on, he added, the local marine life was fine, the crabs were bigger - and nature was happily taking its course. What might have happened with the

over- use of dispersants is another matter.

Dr White said that the use of dispersants was often controversial but it depended on priorities - was it worth accepting a small risk of the dispersed oil damaging offshore fisheries to protect seabirds and beaches from floating oil slicks? This is not a scientific decision alone but a question of policy that can only be decided by Governments. The answer was not black and white and like so much of oil spill cleanup required a careful balancing of the pros and cons of the various options to arrive at an acceptable compromise.

Stephen Martin of Steamship Mutual begged to differ with Dr White's assessment of the French actions to contain the Erika oil. "I think the easiest way is to clean it as it comes ashore", he stated. "I was on a Navy jet with POLMAR officials. I think the French did a pretty good job. The government and the communes were very committed. They put 4000 military and others in to deal with it. There was a definite commitment."

Jim Davis brought the meeting to a close. As with all maritime matters we need to find balance not conflict, he said. Unfortunately all the media hype is not a balanced viewpoint. The public all love their cars but hate the carriers who bring the fuel. "I think this presentation should be shown on TV at peak time. Let the public know the truth".

He thanked Dr White for what he described as one of the best presentations to date and thanked Graham Edmiston and the London Club for their glitteringly lavish hospitality to IMIF. Bearing in mind the 'sticky' nature of the subject under discussion the choice of dessert - treacle tart and whisky cream - was perhaps particularly well chosen!

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## Press Cuttings

Lloyd's List

November 3 2000

**It's no joke**

JIM Davis, chairman of the International Maritime Industries Forum, did not disappoint at the annual dinner on Wednesday night. Speeches were kept to an absolute minimum with guests much preferring to listen to Davis's legendary jokes. But, before that, he did have a serious message.

The shipping industry was at present enjoying some "extremely exciting" freight rates and levels of profitability not seen for years, he noted. Perhaps More worrying, the shipyards were also full. Davis has spent the past couple of decades urging shipowners to scrap older ships when they place new orders so as to prevent overcapacity and the inevitable market collapse

Bad business decisions are more often made in good rather than bad times, according to Davis, who once again cautioned the industry not to wreck the recovery by embarking on a reckless spending spree.

He also paid tribute to Lars Lindfelt, the former head of the Swedish Club who died a few weeks ago. He was a great supporter of the IMIF "and a very nice man", said Davis to nods of agreement all round. "We will miss him very much".

Lloyd's List

November 22 2000

**Just desserts**

IMIF chairman Jim Davis couldn't resist teasing London P&I club boss Graham Edmiston who hosted a lunchtime debate on the Erika oil spill about his choice of dessert. As ITOPF managing director Ian White entertained guests to pictures of the ghastly sludge that washed up onto the beaches of Brittany after the Erika sank last year, guests found themselves munching..... wait for it..... treacle tart.

Meanwhile, Dr White admitted that ITOPF, which provides advice on oil pollution, had to accept some of the blame for the Erika disaster. The federation had just published a newsletter pointing out that major tanker accidents seemed to occur every 11 years - the Torrey Canyon in 1967, the Amoco Cadiz in 1978, the Exxon Valdez In 1989 leaving the next disaster likely to happen in 2000. In fact, of course, the Erika went down in December of last year.

'Trust the French to get their timing wrong,' White grumbled

FINANCIAL TIMES

WEDNESDAY OCTOBER 4 2000

Tanker owners' profits long overdue

FROM Mr J. G. Davis.

Sir, In company with most members of the shipping community I was somewhat startled to read the article headlined "Shipping costs fuel flames of Inflation" (September 21). It gives a misleading impression, especially with its concluding quote: "Oil companies have realised they cannot be at the mercy of the spot tanker market - seeing their hard earned cents-per-barrel being wiped out by dollar-per-barrel freight increases." Here are some facts:

In the 1950s, transport (cif) was approximately 50 per cent of the landed cost of oil (oil \$1 per barrel, shipping \$1). Today, even after the recent increase in freight rates, it is estimated that transport is 5

per cent of the landed cost, and even less of the cost of a litre of diesel or petroleum at the pump (a matter of about 6 cents a gallon in the US). In the intervening years tanker owners have been faced with appalling freight rates, due, it must be admitted, to a devastating over-supply of ships - with concurrent ever increasing safety demands and other pressures put upon them. The occasional (very rare) disaster resulting in pollution sees the only topic of interest to the public in the tanker Industry. Generally overlooked is the remarkable 99.9986 per cent safe delivery record and the equally remarkable contribution - value added - that oil tankers make to our lives. After all, a barrel of oil is not "worth", in a real sense, very much in Saudi Arabia compared with its value safely delivered in Europort or Fawley.

Of course the recent increase in freight rates has had a minuscule effect on inflation, but nothing compared with the increased price of oil itself and the massive tax imposed by government. To say it has "fuelled the flames of inflation" has more than a hint of hyperbole.

We should be glad that the tanker owners are for the moment making a reasonable return on their huge investment, enabling them to give, and pay for, improved technical advances, seafarer wages and training as well as giving them a long-overdue profit. All this at very low cost to the ultimate consumer, which by no means indicates that anybody is "at the mercy" of the spot tanker market.

J. G. Davis,  
Chairman, International  
Maritime Industries Forum,  
Baltic Exchange, 38 St Mary Axe,  
London EC3A SBH

Lloyd's List

November 21 2000

**Erika clean-up marred by political and media meddling says ITOPF**

Janet Porter

CLEAN-UP operations after the Erika oil spill last December showed that almost nothing had been learned from previous tanker disasters, according to an industry expert.

The response to the Erika catastrophe was dictated by political and media pressure rather than technical realities, according to Dr Ian White, managing director of the International Tanker Owners Pollution Federation.

Despite the Amoco Cadiz grounding in Brittany in 1978 when 223,000 tons escaped, and the break-up of the Tanio off the Brittany coast in 1980, the French response to the Erika accident was "quite frankly disappointing", Dr White, said.

He acknowledged, though, that almost any country would have had difficulties coping with such a major incident and agreed that France was probably better equipped than most to handle an oil spill of that scale.

Addressing a lunchtime debate on whether anything new had been learned from the Erika oil spill, organised by the International Maritime Industries Forum, Dr White said it was clear that past experiences had not taught those involved in the incident much about how best to respond.

"It's frustrating for professional spill responders to see the inadequate attempts to deal with the problem," Dr White admitted. Some of the complaints involved seemingly trivial but ultimately important matters such as French insistence on a two hour lunch-break regardless of the state of the tide.

Major oil spills are rarely cleaned up as effectively as technology allows, Dr White continued, and much could be improved by learning from past tanker incidents.

The French local authorities involved in the Erika clean-up showed an unwillingness to accept either national or international technical advice and were often disorganised.

His criticisms were challenged by Stephen Martin of the Steamship Mutual Underwriting Association which insured the Erika for liabilities. Mr Martin said he thought the French had done a "remarkable job" and that local people had been very receptive to outside advice.

Dr White conceded that France had probably managed the aftermath of the accident as well as any country and acknowledged that no spill clean-up will ever be viewed as a total success.

Nevertheless, he said much could be done to mitigate the situation.

Good organisation with clear lines of responsibility is necessary, said Dr White, while the big challenge is to ensure that the "same old mistakes" are not repeated again in the event of another tanker disaster.

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December 2000

Dear IMIF member,

In order to keep our database up-to-date so that we can communicate with you in the most efficient way, we would be extremely grateful if you would please update your contact details, especially your e-mail address.

Name:	
Job title:	
Organisation:	
Industry Sector:	
Address:	
Phone:	
Fax:	
E-mail:	
Web site:	

Please fax the completed form to IMIF on:

(+44) (0) 20 7929 6430

Thank you so much for your cooperation.

Yours sincerely,

Ian Bouskill

Secretary, IMIF

