

Summer is grudgingly approaching temperatures seem to plummet immediately after each warm spell and we can take stock of a very nervy spring.

The Iraq War is over so far as fighting is concerned but the Allies have yet to win the Peace. Also we have not found either the elusive Saddam or the Weapons of Mass Destruction. So it is an uneasy time while the Road Map Towards Peace is pored over and debated.

Then there is the continuing anxiety over SARS. I went to Hong Kong in March/April to speak at the Centenary Dinner of Wallem & Co. It was a splendid occasion but rather muted on account of the dreaded virus. The sight of millions in their masks including receptionists at ones hotel is not too welcoming. I tried wearing one which merely steamed up my glasses so I had to give up.

Nevertheless these two World happenings have had a profound short term (and almost certainly long-term) effect on Shipping.

Oil prices have oscillated up and down while Wet and Dry bulk rates have achieved record highs. Meanwhile the economies of the big nations of the East have suffered particularly through SARS. There is a defined hiccup in production in China which has become the predominant producer of consumer products... not good news for the already struggling and potentially overtonnaged container Lines. "Globalisation" has forcibly meant that none of us is unaffected by far-off events.

A good, hopefully positive, feature of the Hong Kong visit was that I was able to renew contact with many old Chinese Ship owner friends who I hope will join or, in some cases, rejoin IMIF.

The year has been marked by continuing activity by the European Commission under the energetic Ms Palacio, who has found a 'cause' in the name of Safety.

I chaired a conference in Brussels this May when a German MEP Brigitte Langenhagen who is from Cuxhaven gave a quite emotional address on the need to do something quickly to stop the "almost daily" (sic) examples of tanker strandings, sinkings etc, etc and the consequent oil pollution and ecological disaster. I pointed out that

- (a) Her facts were wrong
- (b) The EU is unilaterally embarking on extreme, unwanted measures
- (c) The EU is thereby undermining the Authority of IMO and confusing the situation by hurried new regulations, of which we already have a sufficiency
- (d) The EU appears to take the attitude that anyone who pleads caution is merely obstructive and old fashioned and protecting the 'status quo'.... a manifestly unfair argument.

Brigitte was unimpressed and maintained her stance with crusading passion. It is a situation surely that IMIF must address. I suggested that, in order to achieve better information and a balanced opinion the EU should talk to IMIF and not solely appeal to former Commissioner Bangemann's MIF whose membership and status seem currently not to be of the highest.

There are two other areas of concern that we need to address. One is the sad apparent decline of the comity of the sea. I refer here to such incidents as the "Tampa" (refusal by a nation to accept, even temporarily, people found by a passing ship afloat and in distress) and the notorious "Prestige" where a stricken ship was denied a Port of Refuge; the latter by no means the first of such incidents.

I have, inter alia, suggested that the topic, on the lines of "The dangers confronting the unwritten comity/conventions of the Sea" should be that of a debate to take place at the "First Seatrade London International Maritime Conference" in September where I will be in the Chair.

I also spoke at the hugely attended Annual Charity Ball of the Nautical Institute in Dubai in March. Dubai is a quite remarkable place, vibrating with Maritime activity and already handling 4.2 million teu's per annum. The only negative feature of the visit was my pusillanimous concern at the incipient outbreak of war further up the Gulf. The locals, however, displayed total, insouciance about the potential threat!

Finally some news of our Members.

We congratulate Chris Spencer on his election as President of the Institute of Marine Surveyors; a two year appointment. I spoke at the Institute's Annual Dinner fast month. Also David Taylor has added to his prestigious responsibilities by becoming Chairman of the Association of Average Adjusters.

We said "Sayonara" to Junichi Matsumura on his return to Japan, concurrently welcoming Kei Tanaka his successor as Director General of the Japan Ship Centre.

As always may I invite you when you are in the vicinity of the IMIF offices at the Baltic Exchange to please feel free to visit us. We shall always be pleased to see you.

J G Davis - CBE

Tuesday March 4th 2003 12.30 - 14.30 hrs

	
Venue	:	One St Paul's Churchyard, London, EC4M
Hosted	:	Struan Robertson, Stephenson Harwood
Speakers	:	Veronica Vallarino, Panamanian Consul General in London Orlando Allard, Panamanian Ambassador to the IMO Maria Dixon, Consultant to the Panamanian Consulate General in London
Subject	:	The International Ship & Port Security Code

IMIF was honoured with not one but three speakers to discuss the implications of the forthcoming mandatory ISPS code. Furthermore, as Jim Davis commented, Ambassador Allard had flown from Panama late the previous day on a 15 hour flight in order to make his presentation to IMIF this lunchtime.

Veronica Vallarino, Panamanian Consul General in London opened the session pointing out that, as far and away the largest ship register in the world, Panama needed to take on board the implications

of the new ISPS code - now! A lot of work was being undertaken and Panama was fortunate to have Captain Orlando Allard at the IMO who had been deeply involved in the discussions and negotiations taking place. Indeed he had chaired many of the sessions.

Captain Allard then went into an extremely detailed explanation which demonstrated just how major the effects of the forthcoming legislation will be.

THE INTERNATIONAL SHIP AND PORT SECURITY CODE

("the ISPS Code")

**The following is a much abbreviated summary of the main issues raised
New International Measures to Enhance Maritime Security (Speaker -
Ambassador Orlando Allard, Panamanian Representative to the IMO)**

- As a result of 11 September 2001, the IMO agreed that measures were required in order to prevent and suppress terrorist acts against ships at sea and in port and to improve security aboard vessels and ashore. The Maritime Safety Committee set up an inter-sessional working group on maritime security which met four times in order to thrash out a new security code acceptable to all Contracting Governments.
- The new ISPS Code has been introduced as an amendment to SOLAS '74. The new provisions are contained in Chapter V and Chapter XI of SOLAS.
- The new provisions apply not only to ships but also, for the first time, to port facilities.
- The new code applies to all vessels over 300 GT on international voyages (including cargo and passenger ships and mobile offshore drilling units) and port facilities servicing such vessels. The new code will be enforced after 1 July 2004 or 31 December 2004 depending on the verification survey date of the vessel or port in question.
- The ISPS Code imposes new obligations on each Contracting Government and also on each owner.
- The special measures adopted to enhance maritime safety which will have the greatest impact on Owners are the requirements that all vessels must be permanently marked with the ship identification number, that all vessels must maintain a Continuous Synopsis Record ("CSR") and that all vessels must have an International Security Certificate. The objective of the CSR is to have a historical record showing not only the vessel ownership but also details of the charterers and all voyages undertaken in the last three months (or the last 10 port visits, if longer). A vessel will only be issued with an International Security Certificate if the owner and vessel are complying in all respects with the ISPS Code.
- The new responsibilities and obligations imposed on each owner include the requirement to appoint a Company Security Officer (for each owning company) and a Ship Security Officer (on board each vessel). All ships must have an established security plan and must maintain an International Ship Security Certificate and a Continuous Synopsis Record.
- Each port facility must conduct security assessments and is obliged to maintain a port facility security plan, must ensure that all personnel undergo security training and must co-ordinate with the Contracting Government in relation to all issues of security.

- The IMO Secretary General in his opening address of the diplomatic conference in December 2002 said:

"...although our work ... has been directed towards strengthening maritime security, we should not lose sight of what the focus of our objective really is. And this could be summarised in a few words: we are acting to prevent and suppress acts of terrorism against shipping"

The new mandatory code will have some very noticeable effects on the way day to day operational procedures are carried out and equally it will have noticeable effects on many aspects of the documentation related to it.

Maria Dixon addressed the delegates.

Will The New ISPS Code Change the Way We Do Business?

(Speaker - Maria Dixon, Consultant Head of Shipping, Panama Consulate General in London)

- This presentation highlights the fact that ALL administrations have to create new procedures and even a new organisation within their Administration to enable them to deal with the ISPS Code, since the requirements of the Code are numerous and specialised. Considering the short time left, and the size of the world fleet, this has to be done in a swift and orderly manner.
- This presentation highlights the fact that due to different aspects required by the code, the registration procedure of vessels on any flag will need to change and that procedures will need to be revised in order to ensure that the maritime industries are not paralysed by paperwork, red tape, bureaucracy and disorganisation.
- The difficulties facing all involved in the maritime industries can be highlighted by using the requirement of the Continuous Synoptic Record as an example. The need for vessels to maintain such a record showing previous information on ownership, operation, registration, etc, will affect not only the trading of vessels but also the buying and selling of vessels, the chartering of vessels the registration of vessels, the mortgaging of vessels and the deletion of vessels. What will happen for example if a vessel is sold and registered while on the high seas, or registered for one voyage only or re-registered under the same registry?
- Whilst the ISPS Code does not come into force until 1 July 2004 at the earliest, registries and, more importantly, owners, will need to ensure that they are in compliance with the ISPS Code for at least three months before that date, since the vessels' records on board must show that the vessel was in compliance for the previous three months.
- The responsibility of Contracting Governments, Registries, Owners and Masters will be greatly increased.
- Failure to comply with the ISPS Code will result in a vessel not obtaining its International Security Certificate, without which it will be unable to trade.
- Panama, the largest registry in the world, was very much involved in the work and negotiations that

took place at IMO to finally come up with the ISPS Code. By looking at how the Code would impact on shipping in the Panama Canal, they were able to identify those suggestions which were impractical and were able to assist in creating a new set of security measures which are both effective as a means of preventing and suppressing terrorist acts, as well as being workable.

- The Panamanian authorities, by anticipating the practical problems, which may arise on the introduction of the ISPS Code, are leading the way in this important development in the maritime industry by creating a new Department of Maritime Security within the Panama Maritime Authority. Panamanians have been working on this matter since last year when a series of presentations on the Code were made to the different maritime sectors in Panama.

Maria Dixon pointed out that the new requirements will involve full knowledge of the code, full knowledge of the Ship/Company/Port Procedure, training at ALL levels, the necessity to request information and support from the appropriate Registry/Port of Call/Consulate, preparing the plan, implementing the plan - and compliance.

She added however a few final thoughts - don't go overboard, use common sense. Security has always been there so plan real strategies that are easy to accomplish.

DISCUSSION:

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Capt Allard Jim, talking of insurance - what kind of liability will you be taking on when you sign the certificate? There are all sorts of practical problems still to resolve. Let us take the Panama Canal. What happens if a ship clears for the Canal then goes to the port then back to the Canal again - must you check her all over again. There are still loopholes in the Code. What do we do about non-SOLAS vessels - what do we do about local vessels - must they comply? Panama thinks locally - the clients will require them to meet the Code.

JGD Our thanks to our ever generous hosts Struan and Lucy and to our trio of knowledgeable speakers - you have given us a lot to think about. Have we added something awful to our lives - or will it work?

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Joe Atkinson	Stephenson Harwood
Graham Barnes	Bankserve Insurance Services Ltd
David Cotton	The Salvage Association
Peter Cowling	Consultant, Wallem Ltd
John Faraclas	Shipping International Monthly Review
Lucy French	Stephenson Harwood
Richard Greiner	Moore Stephens
Paul Hinton	Bilbrough, managers, The London P&I Club
Tony Julien	International Registries UK
Janos Koenig	Eurofin
Michael Laurie	The Salvage Association
Bill Lawes	Financial Consultant
Paddy McKnight	The Japanese Shipowners' Association
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Darrell Scheinman	Polestar Space Applications
David Southwood	Heath Lambert Marine Group
Marco Zuccarelli	American Bureau of Shipping

**Seatrade Awards Presentation Ceremony Dinner, Guildhall, City of London
Monday 7th April 2003**

IMIF was able to fly the flag at this glittering event for a second year running, again specifically thanks to the generosity of the delegates listed below who kindly supported IMIF at this dinner by meeting the cost of the tickets at their own expense. IMIF thanks all of them. It is much appreciated.

Delegates who attended:

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Mr. J Aitken	Bank of Scotland
Capt. K Akatsuka	Japan Shipowners' Association
H. E. Capt. O Allard	Ambassador of Panama to IMO
Mr. R Greiner	Moore Stephens
Mr E Harris	Landesbank Schleswig Holstein
Mr P McKnight	Japan Shipowners' Association
Mr. R. K Mehrotra	Foresight Group
Mr. J L My	Bank of Scotland
Mr. A J Parker	Citigroup
Mrs J Richards	Fairwind Shipping Ltd
Mr. S Roberston	Stephenson Harwood
Mr M Sahni	Citigroup

Mr. D R Southwood

Heath Lambert Marine Group

Wednesday 9th April 2003 12.30 - 14.30 hrs

Venue	:	Friary Court, 65 Crutched Friars, London EC3
Hosted	:	David Southwood, Heath Lambert Marine Ltd
Speaker	:	Julian Parker, Secretary, The Nautical Institute
Subject	:	Political decisions or professional judgement which is the best way to solve shipping's problems?

David Southwood welcomed IMIF Chairman Jim Davis and the assembled delegates to Heath Lamberts opulent luncheon rooms. Jim introduced the distinguished guest-speaker pointing out that any gaps in the maritime industries' professionalism needed to be closed. "There is so much regulation now along with the unwelcome development of 'blame culture' in our society" he said "and the knee-jerk reactions of 'politicians' are putting more and more pressure on 'professionais'." Julian Parker then spoke.

Political decisions or professional judgement

By Mr Jullan Parker BSc FNI

I am most grateful for the opportunity to address the IMIF and thank you for inviting a mariner to outline some of the key issues we see in the search for greater maritime safety and the balance between political decisions and professional leadership.

The main issue I want to explore is the relationship between political interventions following an accident and subsequent legislation as a stimulus for change.

Let us for the moment take the opposing view on the case for more legislation. We could argue that the process is suffering under the law of diminishing returns: we could demonstrate that every new law is an opportunity for the unscrupulous owner to make more money by avoiding them: or we could share the view of Peter Morris in his international commission report that the industry in fact bench marks its performance standards against sub-standard operators and a regulatory burden only makes things worse.

The answer of course is in our ability to evaluate the effect of regulatory initiatives on the

performance of the industry but there is no process built into the regulatory framework which allows this to happen.

Port state control is used as an instrument of policy but this is an inspection regime, which clearly does not adequately identify in advance, for example, hull condition or crew capability.

In our analysis of maritime safety in The Nautical Institute we see a fundamental weakness in the marine regulatory regime, which can give rise to unending dispute. The reason is simple even if the solution is far more complex. The reason is that nobody, with one notable exception, is made responsible for the safe operation of a ship.

The exception is of course the hapless master who in reality does not control the hull condition, the employment of the crew nor the maintenance budget.

If we look briefly at the regulatory environment we see that this has effectively gone commercial. 60% of the fleet is foc. The flags of convenience are in competition for fees and take no tax: so cannot support an infrastructure and they delegate statutory survey work to the classification societies which are commercial organisations.

This system works reasonably well. After all there is growth in sea borne trade and there is self-interest in making sure that ships can operate efficiently. Pushed and prodded by public opinion standards on bulk carriers have improved, oil pollution incidents have diminished and Port State Control is tightening the grip on sub-standard operations. Just when we were all congratulating ourselves, Captain Mathur had the unfortunate experience of finding his ship the *Erika* splitting at the seams and before the oil had dispersed Captain Mangouras of the *Prestige* discovered his shell plating had dropped off one of his ballast tanks.

Not unreasonably there was a strong political reaction in Europe and I am absolutely in favour of this. It is totally unacceptable to send seafarers to sea in ships which can break in two. It is absolutely necessary to address this issue there is no argument against this and those responsible for hull monitoring, as they did with bulk carriers, have got to find the solution.

I am sure the main reason why Loyola de Palacio of the EU introducing the *Eika* I and II packages stated that "the EU now has one of the best regulatory arsenals in the world to guarantee maritime safety" was because she believes shipping safety standards can be regulated. The only weakness with the guarantee, which was of course largely aimed at preventing pollution from un-seaworthy ships, was that it failed to prevent the collision which sent the *Tricolor* to the bottom with its cargo of valuable cars.

Most Captains would understand and support the view that there is enough shipping legislation to provide safe and reliable sea transport; the main problem is lack of enforcement.

In shipping both convention standards and class rules are open to interpretation you wouldn't think so but they are and quality systems can lock in bad practices as well as adding significantly to the burden of ship inspection and audit procedures. The despairing comment from so many of our members is "why can't they get their act together".

It has to be stated, that no amount of safety legislation, inspections, audits surveys and management systems will guard against safety creep. The reasons for this phenomenon are basically human. Commercial pressures lead to shortcuts, complacency sets in, boredom leads to lack of awareness and so on.

The paradoxical reason why standards drift is because nobody is conscious that they have drifted. Regulators have never grasped this simple truth because when they sit in the IMO to draw up conventions they adopt a collective attitude of authority. I don't mean this in a personal way but in a collective way.

There is the assumption that by completing a convention all the provisions will be followed and so those collectively who drew up the convention do not have to take any responsibility for the outcome and certainly they will not pay to follow up on industry practices. So nobody knows how many fatalities there are in shipping. The most basic safety statistics are not shared across the world fleets and of course commercial sensitivity ensures that class societies do not publicise the nature and type and frequency of operational defects.

Two recent examples and one omission. When the ISM Code became part of Solas the industry had to put in their safety management systems but there was no provision to discover whether all this effort was producing results. It is clearly questionable how every ship is passing audit without an obvious improvement in safety.

With the ink still drying we now have a new security convention driven by laudable aims but like an iceberg cut adrift nobody knows where it is going. So there was no cost benefit analysis, no security performance objectives and still no central data collection point to compile statistics for decision-making. The omission is the inability of the industry to be able to agree confidential marine accident reporting. The main reason of course is that shipowners consistently do not want to compromise their ability to limit liability in the event of an incident but the down side is that the industry has cut off its early warning system. There is no mechanism for feedback.

In our case we introduced MARS which is our Confidential Marine Accident Reporting Scheme to fill this void and the scheme within its budgetary limitations is successful. We can now analyse ten year's data and we have found that the main problem which concerns our members is the lack of discipline in the application of the COLREGS.

Having discovered this we are conducting a major international survey to find out what the difficulties are and what remedies should be applied. It will become immediately apparent that this is not a

project for national administrations because no one administrator can solve the problem of collision risk with vessels of other flags. It is however a matter of great professional concern that this subject is addressed and the preliminary results of the survey really do illustrate the need for worldwide action. There is a lot of anxiety out there.

I think this example illustrates a real weakness in the current political and regulatory framework. Suppose the EU mounts a campaign to improve collision avoidance following the *Tricolor* incident. The target is likely to be the IMO who may well respond with tighter training standards. But what then? The implementation is left to 155 member governments and if you follow me so far we are back to square one.

The reason people like Loyola de Palacio are so frustrated is because they do not control the doers, the ship owners do. Hence the circularity in this discussion and lack of clear leadership.

In systems terms there is lack of anticipatory feed back into the regulatory and classification framework, which is independent of the organisations involved.

A good example of this is the recommendation that all administrations report their accidents and the results of their enquiries to the IMO. Ironically the countries with the worst record were the traditional nations who reported their statistics faithfully. Countries like Panama and Vietnam and Cambodia with a much higher number of serious incidents get away with it because they don't report. The media distorts this information or lack of it and penalise the conscientious administrators. Not much incentive there.

To come back to our seafarers, they can only set a new safe course if they get a reasonable position fix from which to navigate. If they can't get a good fix (greatly helped by on line sat nav) they have to set a course, which is going to provide a wide margin of safety until they can refine their location possibly with a line of soundings.

So we need a number of ways to position industry safety performance within the context of regulatory and classification norms today. These measures in the global maritime industry do not exist. Tell me how safe the shipping industry is? Because we cannot answer this basic question, safety becomes political.

It is true that Intertanko, despairing of the lack of tanker and pollution data, have collected the best information they can, but their statistics did not foretell *Erika* nor *Prestige*. Worse, there was no warning from class about the possibility of hull failure. If societies knew about the trend they did not act on it. So there is a genuine problem.

Somewhere in shipping we have to have key absolutes which give accurate datums. All shipping activity from banking to broking is relative in their measures of performance. The buck must be shared and not passed and that requires a shift of view because in spite of calls for transparency

there is no mechanism in the international competitive shipping industry for requiring compulsory reporting of accidents. I am not asking for a major change but a significant change which should be unnecessary, but because flag states do not live up to their international convention standards it has become so.

One of the unique privileges I have been given as Secretary of The Nautical Institute is to be invited as the only non-governmental observer to the Marine Accident Investigation International Forum. This body develops standards of investigation, compares ways of working, shares information and promotes high standards. They cannot coerce non-participants to disclose information and they do not have the resources to compile international safety digest statistics for decision making. For example at the last forum meeting one administration identified an increase in heart failure among its seafaring population, but without comparative statistics it was difficult to assess whether or not the trend was significant Why is it not possible to require public disclosure of data from classification societies on corrosion trends in ballast tanks?

Somewhere in the IMO there has to be an independent authority. In our view it should have powers to require the investigation and reporting of accidents with a professional panel to assess reports and data. One concept worth examining is investing such a panel with the authority within the context of international conventions and class rules to state whether a ship at the time of the incident was in their view sea-worthy or not The self-correcting mechanism of commercial insurance would then impact severely.

Finally compliance with regulations is seen as a cost. Not surprisingly the sub-standard operator seeks to profit from this and so the answer is not more regulations, but financial incentives for good safety performance. It can't be done you might say. Governments wont pay for this. Let me tell you that such a view is wrong, a first class working scheme does exist, and the ships in the system are rewarded with considerable financial benefit.

The particular scheme is the international Green Award which attracts substantial discounts from port dues and port services in return for compliance with Green Award standards.

The Green Award provides an 'absolute' independent ship survey and company audit. It is not like the ISM which audits relative standards. For Green Award ships they have to meet the stringent grading levels set by the bureau.

I can vouch for the independence and level of the standard because I am chairman of the standard setting board.

Green Award examines the ship in detail for safety environmental protection and safe operations. It verifies management standards and hull and machinery maintenance through the company audit.

A ship, which, is reported with a significant deficiency, is inspected as soon as possible and if the

defect is significant the Green Award is withdrawn and all the incentive providers are informed. Ship owners coming in to the scheme join because they want to, and the main incentive is financial reward so in the ten years of existence there have been less than five investigations.

Why is the scheme so successful with tankers transporting about 70% of all European oil imports? There are three reasons. First there is a financial incentive in joining and secondly all vessels and companies are inspected and audited independently to the same standard (the organisation has its own internal audit process to maintain it). Thirdly, there is a standard fee to pay and finally the Green Award Bureau is separate from government, class and industry and indeed it is totally independent

The scheme is effectively financed from improved port efficiency which is measurable on Green Award ships. There is no reason why the incentive schemes cannot be extended to other beneficiaries, particularly the charterers, classification societies and indeed governments who are spending a fortune on Port State Control.

We would also like oil principals and P & I Clubs to share some mutual recognition of the Green Award so reducing the number of vetting inspections.

The Nautical Institute's wish list for another 'absolute' includes a central database to record certificates of competency and a more ethical approach to shipping practices. Society after all, only works if everybody does their bit and plays safe.

Conclusion

The main thesis of this paper is that the political reaction to a maritime incident drives regulatory change. However such a process can never succeed fully because it feeds into a system of relative values.

The Nautical Institute argues that there is a need for confidential accident reporting, and an authority within IMO for collecting and disseminating safety related information with powers to decide whether or not a ship at the time of an accident was sea-worthy within the terms of convention standards and class rules. Without such an authority safety standards will be comparative and there will continue to be political intervention.

Positive incentive must be provided to encourage improvements in safety and the Green Award provides a good example of the way forward because it is independent and outside the commercial, regulatory and classification framework.

Finally, society needs shipping but it has a right to expect that those responsible for ship operations uphold ethical values but this remark will have to be considered some other time.

Discussion

The discussion that followed concurred with many of Julian Parker's observations.

John Dempster spoke of the large number of regulations and the failure to enforce them. He had been head of marine incidents at the time of The Herald of Free Enterprise and he described the counter forces involved then the call for 'clarity' arguing with the question of 'confidentiality'.

Captain Allard referred to the problems caused at the IMO when PSC reports contained 'apparent' inconsistencies.

Otto Norland compared earlier days when the principle was that 'the buck stops here' whether for a shipowner or the President of the United States. "The art now` he said "is to pass the buck with the help of a lot of lawyers, and now we are being over-regulated with noone in control

Julian Parker quoted one set of regulations. "Five years ago they comprised 410 pages. Today they comprise 800 pages."

Jim Davis drew matters to a conclusion. "We should take heart" he said "that basically as an industry we are not doing too badly. The tankers safely deliver virtually all the oil and ferries safely deliver millions of passengers. 'Tampa' is something else highly relevant but we are out of time so that must wait for another discussion".

IMIF would like to thank David Southwood and the Heath Lambert Group for so generously hosting the luncheon, and Julian Parker for the excellent presentation.

Delegates that attended:

David Southwood	Host Heath Lambert Marine
Jim Davis CBE	Chairman , IMIF
Julian Parker	Speaker , The Nautical Institute
Capt Orlando Allard	Panamanian Ambassador to the IMO
Alan Brauner	Stephenson Harwood
David Cotton	The Salvage Association
Peter Cowling	Consultant Wallem Ltd
David Cross	Fairwind Shipping Ltd

John Dempster	UK Major Ports Group
John Faracias	Shipping International Monthly Review
Jeremy Hodgson	Deutsche Schiffsbank
Michael Laurie	The Salvage Association
Richard Meade	Fairplay
Boris Nachamikin	Seatrust Shipping
Otto Norland	Northern Navigation International
Sheila Obhrai	Stephenson Harwood
Gillian Smyth	ABS
Sandra Speares	Lloyd's List
Tony Suchy	Ince & Co
Luke Vrettos	Citigroup
Marco Zuccarelli	ABS
Ian Bouskill	Secretary, IMIF

Press Cuttings

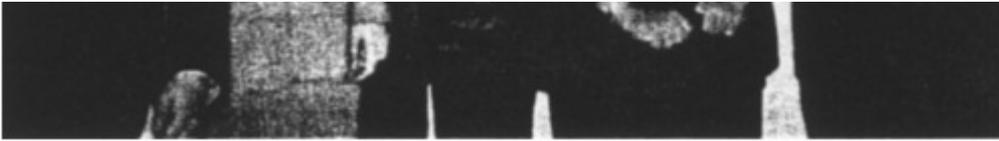
EVENTS

Panama issues an alert

At the IMIF's first spring buffet luncheon, hosted by Struan Robertson of Stephenson Harwood IMIF delegates were privileged to be addressed by not one but three representatives of the Panamanian Consulate General here in London. First the introduction by the glamorous and efficient Consul



General herself, Ms Veronica Vallarino, then the detailed explanation of the soon to be mandatory



l to r Captain Orlando Allard, Veronica Valarino, Jim Davis, Maria Dixon and Struan Robinson

"International Ship and Port Security Code" ISPS. This was given by H.E. Captain Orlando Allard, Panamanian Ambassador to the IMO who has been instrumental in the code's evolution, having chaired many of the IMO meetings held to develop it. The ambassador gave a lucid and constructive explanation of what was to come and very detailed it all is. Bearing in mind that the ambassador had flown to London that morning from Panama to give the presentation (after a 15 hour flight) he still had everything at his fingertips, totally organised. And finally the immensely knowledgeable Maria Dixon, Consultant Head of Shipping at the Panamanian Consulate who spelled out what the new code would mean in practical terms, both from the legislative and from an operational viewpoint. "Are you already prepared to take all this additional work on board. Your correspondent here in London suspects that a lot of people, lawyers, accountants and ship operator/managers - are not!

Julian Parker throws down the gauntlet

At the IMIF buffet luncheon held on Wednesday 9th April 2003 hosted by David Southwood of the Heath Lambert Marine Group, long serving Secretary of the Nautical Institute Julian



l to r Julian Parker, Jim Davis and David Southwood

Parker effectively issued a challenge to the maritime industries as to what really needed to be done. He is calling for the formation of an independent section within IMO which needs to be given the authority to investigate and to demand a proper and accurate report on marine accidents with the object of obtaining vital feedback for everyone to learn from. He pointed out that it was a strange irony that the maritime nations with the worst record of accidents only had that dubious honour because they were truthful enough to report the accidents in a responsible manner while those

nations who really did have the highest number of serious accidents were not mentioned at all because they chose not to report the accidents in the first place. More needed to be Though through as to the ultimate destination of our legislation, he said. Even the new ISPS security code is in danger of being like a drifting iceberg, well intentioned to be sure, but where is it actually going??

Parker calls for new IMO accident research body

Countries appearing to have worst records

'are the nations which report their statistics faithfully'

writes **Sandra Speares**

NAUTICAL Institute secretary Julian Parker is calling for an independent authority to be set up within the International Maritime Organisation with power to require the investigation and reporting of maritime accidents.

The authority, Mr Parker said, should include a profession panel to assess reports and data

. "One concept worth examining is investing such a panel with the authority within the context of international conventions and class rules to state whether a ship at the time of the incident was in their view seaworthy," he said at a seminar by the International Maritime Industries Forum, hosted by Heath Lambert Marine.

"The self-correcting mechanism of commercial insurance would then impact severely."

He pointed to a lack of feedback into the regulatory and classification framework, citing the recommendation that administrators reported accidents and the results of inquiries to the IMO.

"Ironically, the countries with the worst record were the traditional nations who reported their statistics faithfully," he said. "Countries like Panama and Vietnam with a much higher number of serious incidents get away with it because they do not report."

While most captains would support the view that there was enough shipping legislation to provide safe sea transport, "the main problem is lack of enforcement".

Both convention standards and class rules were open to interpretation "and quality systems can lock in bad practices as well as adding significantly to the burden of ship inspection and, audit procedures".

Standards tended to drift "because no one is conscious that they have drifted".

There is the assumption that by completing a convention all the provisions will be followed and so those collectively who draw up the conventions do not have to take any responsibility for the outcome and certainly they will not pay to follow up on industry practices," he said.

The most basic safety standard were not shared across the world's fleets and "no one knows how many fatalities there are in shipping."

With the incorporation of the International Safety Management Code into Solas, while the industry installed safety management systems "there was no provision to discover whether all this effort was

producing results. It is clearly questionable how every ship is passing audit without an obvious improvement in safety".

Mr Parker described the new IMO security convention, due to come into force on July 1, 2004, as having laudable aims but being "like an iceberg cut adrift, no one knows where it is going".

The industry had been unable to agree confidential marine accident reporting.

The confidential scheme introduced by the institute found that the main concern among members was the lack of discipline in the application of collision regulations.

Preliminary results of an international survey conducted by the institute pointed to the need for worldwide action on the issue, Mr Parker said.

Positive incentives had to be provided to encourage improvements in safety.

Worries mount for double hulls

(7 February, page 39)

You reported on industry bodies trying to counter the EC's apparent need for a quicker phase-out of single-hull tankers and their concerns that double-hull tankers could be as prone to structural failure in later life as single-hull tankers like *Prestige* and *Castor*.

Nearly two years ago, Dr Les Callow of Amtec Consultants gave a somewhat alarming graphic presentation to IMIF titled '[Double hulls](#) - are they all they're cracked up to be?' Over the years everyone has come to know the nature of the problems associated with single-hull tankers, but not double-hull tankers.

Owners may be lucky and retain a pristine double-hull tanker but others are already potential disaster areas.

Dr Callow pointed out that some double-hull tankers are experiencing severe premature corrosion attributable to factors including 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. Much of the area inside a double-hull tanker is not coated.

Unlike single hull tankers, double hull tankers corrode on four fronts, with a more critical structure involving, many more joints and welding in the overall area.

Dr Callow also pointed out that class (at that time) did not take account of fatigue enhanced by corrosion. Coatings, too have changed - epoxy being the major development - but coatings must now be done much more frequently.

He explained the problems in inspecting double hulls, with near inaccessible ballast tanks subdivided into bays, not all of which have inspection ladders. He said a double-hull tanker is really two ships, one inside the other, and that this creates problems trying to predict where buckling and, later, cracking will occur.

Add up factors such as gas-free cleaning methods; changes in the steel used; increased vibration from hull flexibility; higher levels of sulphur in cargoes of oil as some wells become sour, and some serious temperature contrasts more complicated in a double-hull vessel than in singles. Because of

all these points, you really do not have the answer for the prevention of the spillage of oil so avidly and naively, seized upon and trumpeted by politicians as the perfect (and now it seems mandatory,) solution .

Dr Callow went on to say that a large proportion of the double-hull tankers will not survive for their projected lifespan of 25 to 30 years without significant attention in later years. He suggested that such a tanker costing \$60m. might well incur a further \$15m in maintenance costs during its lifetime including coating and labour.

As a final thought he pointed out that corrosion is not uniform. which will make it even harder to detect.

We have yet to see the first major disaster involving a double-hull tanker and I hope it never occurs. But if it does I wonder how much political decisions, such as the denial of a port of refuge to the distressed *Prestige*, will be a contributing factor to the double-hull disaster - and what new mandatory solution the politicians will, then have to produce in order to satisfy their voting public - regardless of the actual maritime facts.

This letter is not intended as a "debunking" of double-hull tankers nor must it be construed as my', or IMIF's views. But Dr Callow's words are perhaps worth mulling over amid the current (particularly European) enthusiasm for these ships.

Jim Davis CBE

Chairman. IMIF

The Baltic Exchange, London

SHIPPING FINANCE ANNUAL

FORWARD

By Jim Davis, CBE K(DK)

Chairman, International Maritime Industries Forum

As I write war with Iraq looms and ostensibly awaits only a further second resolution from the Security Council of the United Nations. That is the 'official' position though a realistic assessment is that the US in particular is set upon an irresistible course of going unilaterally, resolution or no resolution. In such a brittle and potentially dangerous situation it is impossible to make a credible prediction on where this will lead the World's economies, and by extension the shipping markets.

2002 was an exciting year for shipping but by no means a profitable one. It was marked by two spectacular incidents. The sad fate of *Prestige*. the stricken tanker that was refused a port of refuge by the Spanish authorities and sent off to her inevitable fate in a storm-ravaged Atlantic, has thrown up several separate issues:

1. The general seaworthiness of the ship herself before the collapse of a length of shell plating.
2. The spirited refusal of the Spanish authorities to arrange a safe refuge (Nimbyism at its worst).

3. The ecological consequences of the oil leak
4. The knee-jerk reaction of the EU commission and near hysterical banning of single-hull tankers to all European ports, together with the interception of various ships in International waters (a clear transgression of the 'international law of the sea')
5. The disgraceful arrest of *Prestige's* Captain coupled with setting a draconian level of bail.

These factors put together represent a sorrowful erosion of the conduct of maritime affairs. The actions of, particularly the EU, have gone a long way to undermining the influence and esteem of IMO. Furthermore, the technology of double hulls though superficially attractive ('two hulls must be safer than one!'), is itself introducing new problems of survey, maintenance, coating and heat variance which prescribe a whole new approach to tanker operation. This challenge will need to be met.

Another incident, almost comic were it not disclosing an almost unbelievable level of navigational incompetence, was the sad sinking by collision - together with its mouth watering cargo of executive cars - of *Tricolor*.

The initial collision was very unfortunate (as yet sub-judice as to blame) but the ensuing piling into the wreck of two more ships seemed, indeed seems, quite ridiculous. One can not assume that collisions will never occur - because ships are operated by humans who 'de generis' are prone to error - but the incompetent buoying and lighting of the wreck in one of the World's busiest waterways needs some explaining.

Other worrying areas assailing the industry are the twin threats of security and terrorism. *Limberg* a large modern VLCC off the Yemen was critically damaged by assault from a small service craft loaded with explosive. Such an attack really is not too difficult to plan and execute.

These threats have also led to some heart searching by the operators of our largest new cruise ships. Even a non terrorist emergency or fire on one of these magnificent monsters could trigger an emergency evacuation of some 4,500 souls. After all *Titanic* of some 49,000 GRT was a modest sized ship compared with, at the extreme, the projected 157,000 GRT QM2.

But we are resilient folk in the maritime industry and there are some happier things to report in early 2003. Tanker rates, crude and product, have climbed to mighty levels on the spot market (US\$100,000 a day for a VLCC certainly does something to encourage a happy smile on the face of an owner). The US, whose inventories are low, are snapping up tonnage.

Despite disappointing economic activity bulkers are doing better in all sizes, again while countries stock up with raw material. Containers have not yet emerged from their self induced level of overtonnaging which will take at least a year to correct. Cruising has, due to understandable war jitters, suffered particularly in the Mediterranean, which before seemed on the verge of a boom. Thus, to keep numbers up, there has been a whole lot of rate cutting. The industry will take a little while to resettle because 2003/4 sees the introduction of a considerable number of new mega-ships. This is my 51st year in shipping and things have changed a lot since 1952 when there seemed a comfortable sense of security in the marine industry.

We shall not see such a scenario for a long while, if ever, but the present racy World certainly keeps us on our toes!

I should, with so much uncertainty, refrain from making any forecast for 2003/4. For what it is worth, I

will say that once the Iraq situation is settled, all areas of the World's industries will move ahead quite vigorously. Tankers will settle back to lower but reasonably good rates. Markets hate uncertainty - they even prefer identified crises! - so there is hope of a better fourth quarter of 2003.

MARINE POLITICS

Some thoughts on Politics in Shipping

By Jim Davis, CBE (K) Denmark, Chairman IMIF

From early times the Merchant Venturer, the forerunner of today's Shipowner has been involved with Politics in the broadest sense. Columbus required State (Royal) "patronage" (money) as did Drake, Raleigh and Vasco da Gama.

The East India Company was necessary to the State in order that Britain's sovereignty over India could be maintained together with its vast trade. More recently the founders of the P & O Company had strong political links with the Governments of this country and with those of the Iberian Peninsula, Spain & Portugal. Accompanying these attachments we have seen the annexation of Trade Routes and protectionism, none more spectacular than the U.S. Jones Act which is there totally to preserve coastal trade for U.S. Flagged vessels. (Hawaii is considered part of the US coastline for this purpose and I well remember in my P & O days having to insert Vancouver Canada as the last west coast port in order for U.S. passengers to be taken on our ships' TransPacific voyages to Hawaii and beyond).

These are examples of one type of Political involvement. Today shipowners are faced with increasing instances of Political regulatory interference.

Let us examine just a few:

Port State Control

The Paris agreement of 1982 which set up Port State Control as a direct result of the "Amoco Cadiz" stranding off the Brittany Coast was designed to close a loophole in the Inspection system of all ships calling at the signatories ports. The Classification Societies could not and certainly did not refuse class to ships on account of "general" bad condition. Their contractual duty was confined to the structural state of a ship over given



Survey periods. Port State Control can and does carry out general inspections and can comment on any matter AND if thought necessary detain a vessel and make up a Black List of individual ships. In the early days some inspectors, in order to keep up their prescribed number of inspections used to call almost weekly on Ferries on a regular route! Not quite in the spirit of Port State Control.... but the

visits also ensured a pleasant free lunch. This was long ago and nowadays PSC is a very effective aid towards the removal of substandard ships.

Ports of Refuge

The recent cases of "Castor" and, even more striking, "Prestige" revealed a quite disgraceful attitude of some European States. Fear of extensive pollution made the Spanish turn away the badly damaged tanker "Prestige" into an Atlantic Gale resulting in its inevitable loss, the outcome of which in pollution terms has yet to be experienced. Had the authorities accepted the vessel into a prescribed sheltered anchorage, the spill could have been contained, and probably the ship with its remaining cargo of some 50 000 tonnes would have been saved.

This action went completely against the spirit and comity of seafaring and has been further aggravated by the arrest and prolonged detention of the unfortunate Captain. An international humanitarian disgrace.

In this area I totally share the recently expressed views of Mr. Anomeritis the Greek Shipping Minister.

Yet another nonsense has, of course, been the enthusiastic entry of the European Commission who with the speed of a knee-jerk reaction have been spewing out unilateral Directives against single hulled tankers and even contiguous zones.

In my view it is absolutely wrong for the Commission to usurp the Authority of the IMO, which is and should remain the Arbiter of such matters. The European action also goes against the 1974 convention for the Safety of Life at Sea. It is very dangerous the way the Commission has assumed the role of instant lawmaker. The commission, an unelected body, is in my understanding the Civil Service to carry out the wishes of their political (elected) masters. In this as in so many matters the commission is surely acting ultra vires?

Scrapping

In order that supply and demand for vessels should reach some state of orderliness there must be a healthy Ship Scrapping (recycling) industry. The concern of interest groups such as Greenpeace over the working conditions and environmental dangers in the principal Eastern scrapping areas is well understood. Some "conventions" have been agreed by inter alia the International Chamber of Shipping citing the need to remove so far as possible all noxious substances - particularly, asbestos - before the vessel is sent for scrapping. The duty of shipbuilders to avoid using noxious substances in the construction of ships is also being stressed.

These are just a few examples of "Political" involvement in the shipping industry. Shipbuilding deserves a separate article. The only comment I would make here on Shipbuilding is that industry with its high number of employees (voters) has apart notably from the UK always been a darling of politicians quite unlike shipping which employs comparatively very few. This has led to dangerous interference in the form of subsidies to Shipbuilders and other helpful initiatives. Political interference of a different kind.