

Safety comes first in Rotterdam

INTERTANKO's annual Tanker Event revealed that much work continues to be done in the name of safety

This year, the International Association of Independent Tanker Owners (INTERTANKO) held its Annual General Meeting and Tanker Event in the port city of Rotterdam on April 14-17, 2002.

More than two years on from the Erika sinking, and safety is still very much at the top of the agenda. The open session, held on April 15, 2002 brought together representatives from each link in the chain of responsibility, defined by INTERTANKO as including owners, charterers, class, port state control, pilots and flag, among others.

'Total control'

Peter Cooney, managing director of shipmanagement company V. Ships, provided the manager's point of view. He made his main point, i.e. that the lack of trust within the industry means that managers must exert what he calls "total control", in a typically straightforward manner.

"I don't think we can trust flag states or class anymore," he said. "We have to take on the responsibility ourselves. I think it's very sad, but it's a reality today. Total control of the ship, the performance of the vessel and the crew is entirely in my hands."

When questioned, he said that his company had recently had a bad experience with a classification society which had very obviously failed to fulfil its duties. Although Cooney declined to name the society in question or to elaborate further, it was clear that the experience had been of such an egregious nature that he felt compelled to make such a strong, unequivocal statement.

Cooney also criticised the industry for being reactive. "If we look at the Titanic, the Exxon Valdez and the Erika, we can see that we are a reactive industry, and that simply isn't good enough. We have to be ahead of the curve. We can't wait until an incident occurs to do something. We must take up the challenge and be proactive and search out and solve problems before they bring us to our knees."

He also said that he believed that the tanker sector does not do enough to raise and protect its reputation in the wider world beyond the shipping industry.

To Cooney, "total control" means knowing what one wants to achieve, making the plans to achieve it, ensuring that all involved understands it, allowing full information to flow in and out of the company and continually reviewing the situation. Achieving total control requires leadership, vision, strategy, structure, operations and reporting, he said.

At V. Ships, this means constantly looking at the company's resources, defining and refining its vision, communicating with outside parties and fostering "a healthy unease with the status quo. "I do think in shipping we are reactive. We do not spend enough time looking at what we have and trying to improve upon it. I think that the people who charter our ships are moving quicker than we are, and I think we need to move faster. We need to gain control," said Cooney.

In addition, he said, the industry needs to work on restoring trust between the various links in the chain of responsibility. "I said earlier that I find it difficult to trust class and flag," he said. "Isn't that sad? And yet the clients have to trust me; I have to trust the seafarers on the ship. We need to instil focus. We need people who understand the vessels implicitly. We need to have that kind of control."

The voice of flag

At industry conferences over the past six months, many representatives of the industry have asked the question: where is flag in this debate? Flag has come to be

seen as the last unregulated link in the chain. Class, port state control, owners and charterers all regularly come under the scrutiny of outside parties, while flag still enjoys the freedom of filing self-assessment forms with the International Maritime Organisation (IMO), a system of auditing which has come under much fire over the past year.

At this conference, however, the voice of flag was finally heard. Brad Berman, executive vice-president of the Liberian International Ship and Corporate Registry (LISCR), defended the role of flag states, while at the same time admitting that there are areas in which flag has been deficient in the past and should work on in the future. "I know that flag is not the weakest link, but if there is a weak link in the chain, it is all of our responsibility," he said. "We must discuss how the different components work together, but ultimately owners and operators are responsible."

An adequate infrastructure is one of the key criteria an owner should consider when choosing a flag, he said. This includes sufficient staff and management to issue registry, safety, technical and crew documentation; the technical expertise to interpret and comply with international requirements; the ability to maintain a healthy working relationship with class (Berman mentioned that for LISCR, this involves meeting with members of the International Association of Classification Societies at least once a year to discuss technical issues); a sufficient number of regional offices, in order to maintain regular contact with flag state inspectors; and perhaps most importantly, the expertise required to carry out casualty investigations.

Berman admitted that the last of these was "a hotter issue" than LISCR had originally thought, but that the flag "takes a strong view" that it must have the in-house capabilities to investigate casualties. It is also the flag's responsibility, when a casualty occurs, to check whether any of its owners has a vessel built around the same time, in the same yard, classed with the same society or owned by the same owner in order to alert them to possible problems before they occur. "You need a group in-house that looks at and disseminates that information to other owners in the flag when an accident happens," he said.

Berman pointed out that the area of responsibility now carried out by port state control regimes, i.e. the policing of the industry, used to be covered by flag state administrations. He called for a return to the old regime, in which flag was viewed as a responsible link in the chain. "Port state are the police, and we as flag have given that authority to them," he said. "I strongly recommend that we have a flag state detention. The flag state link in the chain must be strengthened and flag states must take back control from the port states."

This appeal was greeted with some scepticism by the audience. In response to doubts voiced by members of the delegation, Berman admitted that flag state inspections would not immediately replace port state inspections. With respect to casualty investigation and reporting, Berman also conceded that flag could do a better job. "Liberia and others could put more in, we're aware of that," he said. "But we want to be viewed as the best, and we are working to change the situation."

Class - rogues or custodians?

Detractors of class often say that the societies are compromised by destructive competition and by commercial concerns, whereas class usually responds by saying that unrealistic and misguided ideas about its responsibilities are at fault. The societies also point out that they only see the ships once a year, whereas the owner 'lives' with it the year round. The safety of the ship is ultimately the responsibility of the owner, they say.

Regardless of the validity or otherwise of the arguments laid out above, the industry has put more pressure than ever on IACS to be more transparent and to work towards viable solutions. One issue in particular, the harmonisation of scantling requirements, has received much attention of late. The heightened focus on the issue follows the recent Castor incident, in which 'hyper-accelerated' corrosion was blamed

for a crack across the product tanker's deck, resulting in a lengthy and drawn-out salvage operation at sea.

According to Igor Ponomarev, current chairman of IACS, the association is working very hard to resolve this issue. This is an "important work", he said, which has involved the collection and analysis of over half a million sets of corrosion data. The process of collecting the necessary data was completed last year, he said, and IACS is now working on assessing that data.

The final aim of the study will be to come up with a set of unified scantling standards which all 10 IACS members will be able to implement. This aim should be achieved by the end of 2003, said Ponomarev.

In addition, IACS is working on the Transfer of Class Agreement (TOCA), a means of discouraging owners from 'class-hopping', and on reinforcing the Enhanced Survey Programme (ESP).

And finally, Ponomarev reminded the audience that the classification societies are "the technical experts who are here to establish the necessary unified requirements". "Please do not ask us to do what is not within our responsibility," he requested.

The tankers of the future

Bernard Anne, senior vice-president of Bureau Veritas' (BV) marine division, and Dr Donald Liu, executive vice-president and chief technology officer of the American Bureau of Shipping (ABS) described several ways in which the tankers of the future might be built for greater safety and longevity.

The tanker sector should strive for a future in which it can be proud of its ships, said Anne. "But to get to that vision of the future, we have to have less tanker accidents." According to Anne, the primary causes of oil spills are machinery failure; navigation error; fire and explosion; and hull damage. Heretofore, the majority of legislation has focused on the hull (the mandated phase-out of single-hull tankers, for instance), while neglecting to take into account other significant factors such as machinery failure and human error.

Anne pointed out that complete redundancy of ship systems would certainly make tankers safer, but doubted that few owners would take up this option due to the high cost involved. Not all owners, however, have shunned this solution. Concordia Maritime's 'double everything V-MAX tankers are a case in point. Until such time as the majority of owners adopt redundancy, however, Anne said that ensuring that existing machinery is correctly installed would do much to make ships safer. "Over the past two years, my people have been asked to sort out a number of problems," he said. "What we found out over and over again was that the aft structure of some VLCC [very large crude carrier] designs are not flexible enough to handle machinery. Big engines need proper shaft alignment and vibration analysis, but do not get it most of the time."

Anne also said that he insists on carrying out fatigue analyses on a large number of structural details for ships over 170 metric tonnes (mt). By doing so, he said, BV believes that it can achieve a 15 per cent increase in hull strength.

Further, BV has also written into its rules a set of standard corrosion additions which are a function of the usage of the compartment in questions and the type and the position of the element. He called on the other societies to do likewise.

Dr Liu also spoke of redundancy, and said that he believed that it would be the next aspect of ship design to be mandated by legislators. "The next kind of 'double-hull response' from Washington, DC, Brussels or IMO will be redundancy," he said. "Redundant hulls are already in existence, and soon we will see double engine rooms, steering gears, propellers, rudders, navigation systems and perhaps even collision bulkheads."

He pointed out that technical issues are much easier for legislators to deal with than with the more "intangible" issue of human error, the primary cause of tanker casualties.

"Legislation will follow the next casualty," he said. "It is very easy to see the appeal to a regulator of this redundancy approach. If an Amoco Cadiz happened today, there is no doubt in my mind that the regulators would legislate for redundancy. It is a matter of 'when', and not 'if'."

Dr Liu called for IMO to proactively begin work on redundancy, rather than waiting for the legislators to get hold of it in the wake of the next significant incident.

Attacking and defending the CLC

The determination of the European Commission (EC) to regulate the shipping industry has thrown up many challenges for the tanker sector. IMO and INTERTANKO have, on the whole, succeeded in bringing responsible owner's and operator's concerns to light and have helped to mitigate some of the more radical changes proposed by the EC.

The Commission continues to press for change, however. Among ongoing initiatives such as the establishment of an EU-wide European Maritime Safety Agency (EMSA) and the push for transparency is the concerted pressure for a revision of the Civil Liability and Fund Conventions (CLC and FC) governing compensation in the event of an oil spill. In the past, Fotis Karamitsos of the European Commission's (EC) Directorate-General for Energy and Transport, has called for a widening of the definition of who is liable to encompass class, flag, charterers and other parties. At INTERTANKO's Tanker Event, he again urged the industry to look again at the CLC and FC. "We have a golden opportunity to modernise the conventions, which were developed 20 years ago. The immunity from liability of a number of key parties means that we will have the same silence after the next big incident that we did after the Erika."

Robert Seward, managing director of the Britannia Steam Ship Insurance Association, defended the CLC and FC and emphasised that the existing conventions have for the most part worked well and that it would be foolish to alter their fundamental tenets.

"The 1969 CLC was not intended as a system of punishing people who made mistakes," he said. "It was decided quite deliberately to focus on compensation and not on assigning blame."

"The costs have been effectively shared between the oil and shipping industries. At the moment it's very roughly 50/50, and it has worked surprisingly well, with respect to the claims handling."

"There is a close cooperation between the lower level claims handled by the P&I clubs and the higher level claims handled by the IOPC. But it has nothing whatsoever to do with shipping quality. It is a compensation regime, not a punishing regime or a regulatory regime."

Seward pointed out that the CLC relies on limiting the liability of the owner and on channelling claims in order to avoid lengthy court battles and to ensure that those affected by oil spills receive compensation quickly and in a timely manner.

Owners' right to limited liability, however, has come under increasing fire, and in spite of protests from owners' associations such as INTERTANKO, it recently emerged that a revision of the CLC will indeed be undertaken in the near future.

Any changes made will be in addition to the already agreed third tier of compensation, or the COPE Fund, to be funded by the oil companies and to the increased limits of liability taken on by owners.

The nature of transparency

The word 'transparency' is overused and abused. It is carelessly thrown around and continues to be ill-defined in the context of shipping. Currently, it most frequently falls from the lips of legislators and others who are keen to see information on ship ownership enter the public domain. Before things go any further it would wise to determine the true meaning of 'transparency' and what it will mean for owners and operators. Dimitris Lyras, director of the Paralos Shipping Corp, likened the

achievement of transparency to that of nuclear disarmament: both sides must comply otherwise the exercise is futile. Transparency on the part of the owner is all very well, but other parties within the industry must be willing to be transparent as well.

"In divulging information, we want to promote the accountable and responsible parties," he said. "But information taken out of context - and it is usually taken out of context when there is not enough transparency - can be very damaging. It is important that the wider audience is accountable and expert in judging that information."

Lyras made the point that complete transparency is most likely to hurt the responsible operator who, for instance, admits to port state control that he has a maintenance issue in the interests of being transparent and honest. Does this mean that he will be detained? Would he have been better off just keeping quiet about it and making sure that the 'deficiency' was dealt with at the next port of call? What of the owner who knows that having an outstanding condition of class will prevent his ship from being chartered? Should he simply 'neglect' to contact his classification society? Will freely available information on the operations and ownership of a shipping company leave it vulnerable to those who might use that information for commercial advantage? These are thorny questions which have yet to be satisfactorily answered.

"Transparency should start in one's own company and then extend to industry bodies, then groups of owners and charterers and on to stakeholders," said Lyras.

"When achieved fairly and when it takes place under the kind of atmosphere, transparency is very beneficial to the efficiency of a company."

Whatever the meaning of the word 'transparency', however, it is at least clear that it will be forced upon the industry in some form or another, whether it wills it or not.