

UK CLUB

Hi-Lights - Issue No.4

Bunkers - Cheap is not always Best

Fuelling a ship is an expensive business. So expensive, that it funds an industry in itself "The Bunker Business." Operators, both owners and charterers, have to look to their margins and minimising fuel costs is an obvious factor. However, this is an area where cheap is not always best is particularly relevant.

Historically, marine fuels were produced as distillate products in refineries. The specification and quality of a distilled fuel is very consistent and the end product is both homogeneous and consistent in quality. However, distillate fuels are history. Today, marine fuels are almost universally blends. The feedstock that goes into the blend is very varied and has produced, over the years many combustion problems. Those problems are usually associated with the incompatibility of the fuel feed stocks. The problem may manifest itself within a particular bunker supply, or may materialise as the result of mixing of bunkers from different stems on a ship.

The problem has been sufficiently endemic to cause the UK FD&D Club to issue circulars warning of the problems, recommending members to join one of the fuel quality testing programmes (see circulars dated December 1981 and October 1990). The usual cause of combustion problems is the precipitation of catalytic metal fine elements in the fuel. This is produced as a result of incompatibility between the feedstocks in the fuel, or incompatibility between different bunker fuels in a ship's tanks. The catalytic fines are metal elements, normally aluminium, vanadium or silicon, and these fines when burned in the ship's engine produce excessive exhaust temperatures which can cause serious, and expensive problems with the marine engines. The engines may also suffer physically from abrasive mechanical damage.

The problem is getting worse rather than better with the increased number of oil origins, and the emergence of a residual fuel salvage industry. The problem has been high-lighted recently with fuels being delivered in Taiwan with high aluminium and silicon levels. These catalytic fines are abrasive and will need to be removed from the fuel by centrifusion. There have recently been reports of fuels in Piraeus with high sediments, which dramatically increased the sludge formation and lead to clogging of the fuel treatment equipment, fuel filters and fuel lines. Bunker quality problems appear endemic in Singapore (see UK Club Loss Prevention Bulletin 229, January, 2002)

Apart from the re-emergence of these old problems, the UK Club has now warned of concerns about the sulphur content of fuel. Sulphur can cause the emission of hydrogen sulphide gas which even at low levels can be hazardous, or fatal (see UK Club Loss Prevention Bulletin 236, March, 2002).

Presently, marine fuels are not regulated to the same extent as international regulations provide for on other fuels. Discussions have been ongoing for some considerable time to regulate marine fuel specifications, but presently do not seem anywhere near reaching conclusion.

In a time when profit margins are tight, and operators are looking to minimise costs, extra vigilance should be taken when stemming bunkers.

Underwater Inspection at Turbo

In HiLights Issue No. 2, we included an article on Columbia - Heart of the International Drug Trade in Cocaine. In view of problems encountered with the smuggling of drugs and of stowaways from Turbo, an underwater inspection is compulsory for all ships sailing from this port. According to local agents, the underwater inspection is carried out by Columbian Navy Divers at a cost of USD615.00 per inspection.

Standards of Training, Certification and Watchkeeping 95 (STCW)

We would like to remind Shipowners and Managers of the approaching 31st July, 2002 date by which time the International Convention on Standards of Training, Certification and Watchkeeping (STCW) requires that all officers serving on board ships from flag states, other than the one that issued the original certificate, are required to obtain an endorsement from the new flag state. This means, the flag state of the ship on which an officer is serving, will become totally responsible for his or her competence.

This 31st July, 2002 date was a 6-month grace period given by IMO once it was realised that the original 1st February deadline for implementing STCW 95 convention could not be met.

Inspectors are presently issuing warnings to ships still not complying with the convention, rather than detain them. Thereafter, ships not having the correct certification will be prevented from sailing until the correct paperwork is in place.

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Shore leave threatened at Singapore

New immigration requirements for ship's crew entering Singapore are being vigorously enforced, and as a result threatens seafarers shore leave.

Under new measures introduced on 11th March, seafarers can only enter Singapore at two designated landing points. The passports or seaman books have to be stamped by Singapore Immigration before individuals are allowed to enter the country. This requires the ship's agent to take crew's passports from the anchorage or port to the Singapore Immigration and Registration Building. In the past, seafarers were granted advance clearance through the submission of the crew list to local Authorities. The same process must be adopted when a seafarer leaves Singapore. This means that 5-6 hours alone is spent on immigration procedures resulting in crew on ships in the port for bunkering or supplies are now effectively denied shore leave.

Crews of container ships, which are normally turned around in the port in 10-11 hours, are also being affected.

Industry sources are expected to take the matter up with the Singapore Immigration and Registration through the Singapore Shipping Association. One possible way of easing the situation is having an Immigration Office at the port gates to process crews coming ashore. Those found disembarking crew at unauthorised places face fines of up to SGD5,000 (USD2,700).

BIMCO Standard Dispute Resolution Clause

In January of this year BIMCO updated its Standard Law and Arbitration Law Clause by including a provision relating to mediation. This update is in recognition that mediation is much more widely used by parties seeking to avoid difficulties commonly associated with litigation.

The mediation provision in the clause provides that at any time while arbitration proceedings are on foot, either party may agree to refer the dispute to mediation. The clause specifically provides however that although mediation is being undertaken, the arbitration process will continue. The clause goes on to provide that a party may refuse to consent to the mediation, however, this may be taken into account by the Tribunal in determination of allocation of costs in respect of the final outcome in any arbitration.

The costs of the mediation are born by each party and the mediator's costs and expenses are born equally between the two.

One notable importance is that the clause specifically provides that the mediation process is confidential and no information or documents (which might be disclosed during the mediation) can be disclosed to the arbitration tribunal unless they are discloseable by reason of the law and procedure governing the arbitration. This is particularly important as mediation can only be successful if there is an environment where a free and frank exchange of views and documents can be undertaken without fear of prejudice to the arbitration proceedings.

The Bimco mediation clause is a very comprehensive clause and endeavours to balance the various competing interests but at the same time not allowing the mediation to be used to delay any arbitration proceedings that might be progressing.

List of most common types of Personal Injury we encounter

▶ **Slips and Falls**

Inadequate footwear, oil or grease deposits on floors, alcohol excess, poorly marked or defective steps, descending steps and ladders the wrong way round, inadequate lighting, inadequate or non-existent staging, over-stretching - all these make slips and falls the major problems we face.

▶ **Falling Object Injuries**

Spanners in the engine rooms, cargo falling from nets, collapsing booms all feature regularly. The tremendous momentum involved usually makes such injuries very serious.

▶ **Strains**

Back problems, hernias, damaged ligaments are all consequences of strains caused by failing to size a job up properly; by one man trying to do a job requiring two and by failing to use devices designed to assist with lifting and moving heavy objects.

▶ **Passengers**

Passenger accidents occur so frequently seemingly because of the sense of security generated on board the ship. Passengers tend to treat the ship as a hotel, not a means of transport and do not expect to adapt their life style at all. Passenger claims also arise from major casualties such as grounding, fire, and other incidents.

▶ **Burns, Fire and Explosion Injuries**

Carelessness in the galley and chemicals spills are common causes of burns. Smoking in cargo and accommodation spaces, electrical faults, poorly treated meal cargoes and engine room incidents lead the way for fire. Hot work and naked lights where explosive mixtures of gas have built up put both the ship and surrounding neighbourhood in peril

▶ **Machinery and Equipment Injuries**

Missing guards, lack of maintenance, over-loading and other abuse, want of training - all make machinery and equipment potentially fatal to their operators; accidents are all too frequent.

▶ **Enclosed spaces**

Entry to unventilated spaces keeps on happening. It frequently goes wrong and usually causes multiple fatalities because the urge to rush to the aid of a colleague in distress is so strong.

Did you know fatigue has been identified as cause in 16% of accidents?