

UK CLUB

HiLights - Issue No. 2

Terrorist Action in America on 11 September 2001

The tragic events in New York and Washington have given rise to a significant number of queries by Members. Some of these have arisen as a consequence of passengers being unable to reach or depart from cruise ships and the potential diversion of cargo ships from ports on the United States' Eastern Seaboard. Further inquiries have related to ships bound for potentially sensitive ports of call at this time of increased political tension and advice has been given on charterparty clauses and War Risk cover. If Members have any queries or problems arising from the recent events in the United States, please feel free to contact us.

Piracy/Armed Robbery

We advised in our first HiLights that piracy attacks continued to rise in the first quarter of the year with a total of 68 reported incidents.

Figures now to hand for the first half of the year show the trend continuing to rise with incidents world-wide, now reported standing at 165, with south-east Asian waters around Indonesia and the Strait of Malacca remaining blackspots. This figure may, however, increase as some reports are likely to come in at a later date. Malaysia saw incidents in its waters nearly double to 13 compared with the same period last year.

The Master and Second Officer of Indonesian-flagged tanker TIRTA NIAGA, were taken hostage on 25 June. This tanker had been anchored off the coast of Indonesia in the Strait of Malacca when attacked by pirates, resulting in the ship being looted and the Master and Second Officer being kidnapped. A substantial ransom for the safe return of these two crew was made by the kidnapers. Subsequent to negotiations, the Second Officer was released, but the Master was still held captive, his whereabouts unknown. The ship safely returned to Malaysia on 27th June. It is understood negotiations continued between the shipowners and the kidnapers resulting in the release of the Master following a ransom payment.

This incident was one of two major piracy attacks in the Strait of Malacca that coincided with the International Maritime Bureau's international conference in Kuala Lumpur at the end of June. IMB later strongly advised that ships should avoid anchoring in Indonesian waters. Malaysia has responded by announcing it will improve its defenses against piracy to protect not only its maritime but its tourist industries. In East Malaysia, a "safe lane" is to be established for ships entering the waters around Sabah, particularly in the area of Sandakan, Semporna and Tawau respectively.

Remember ISM? Phase 2 is nearly upon us.

The International Maritime Organisation (IMO) and the International Association of Classification Societies (IACS) have recently issued reminders to shipowners that there is less than 12 months to the deadline of 1st July, 2002 when the ISM Code's Phase 2 certification process is to be completed.

According to IACS, approximately only one third of the 17,000 ships which are classed by their member associations and designated Phase 2 ships have ISM Safety Management Certificates issued at this time. The group of ships which are included in Phase 2 of the ISM Code compliance procedure includes container ships, reefers and general cargo ships, together with a wide range of service craft and ships not classified as tankers, bulk carriers and passenger ships.

The obvious message to shipowners yet to begin the certification process is to start without further delay, failure to do so could result in missing the 1st July, 2002 deadline.

Standards of Training

Certification and Watchkeeping 95 (STCW) - Papers in order?

From 1st February, 2002 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. In a nutshell, the flag state of the ship on which an officer is serving will become totally responsible for his or her competence as of 1st February, 2002.

It is believed that more than half of the 400,000 or so officers worldwide are employed on foreign flagships. An STCW upgrade will take anything from one to five days, depending on the level of previous training. Already, the governing bodies of the United Kingdom, Australia, Greece and others have issued warnings advising their seafarers of the problem ahead, or risk being stranded without employment. Inspections of certificates will come under the auspices of port-state control who are preparing to check certificates after the implementation date.

The advice is, therefore, to be prepared well before the 1st February, 2002 deadline, thus avoiding administrative chaos in the last few weeks leading up to the deadline.

Colombia - Heart of the International Drug Trade in Cocaine

Smuggling rings based in Colombia have turned the trade in cocaine into a USD 400 billion year trade. According to the National Criminal Intelligence Service (NCIS) the demand for cocaine in the United States is beginning to level off, leading to Colombian traffickers setting their sights toward Europe. Seafarers are being offered USD20,000 a kilo to smuggle cocaine into Europe from Colombia, this is double the price presently offered to get the same quantity of the drug into the United States. Colombia, the world's largest producer of cocaine, is believed to export 540 tons of the drug a year to the United States, accounting for 80% of the country's consumption. The United Kingdom, by comparison, represents a small fraction of this figure with some 25-40 tons of the drug finding its way onto the UK streets each year. Of this total, authorities seize only a small percentage, 3-4 tons a year.

The information provided in this bulletin is believed to be correct, but we do not guarantee its completeness or accuracy.

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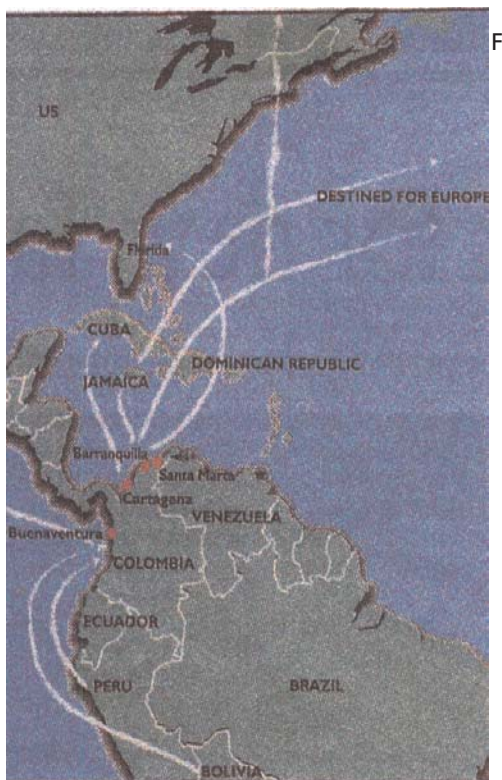
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This threat causes problems for shipping lines calling at ports in Europe and Latin America, particularly in the shadow of two high profile cases of cocaine found on board European-owned ships in the last few months. This is merely the tip of a very large iceberg. Between January-June 2001, 11,488 kg of illegal drugs have been intercepted by the anti-narcotics police on the north coast of Colombia, leading to the arrest of 81 people. In the last three years, 31.5 tons of cocaine and 79 tons of marijuana has been seized by authorities in Colombia's ports as a whole.

The Colombian ports on the Caribbean Coast serve to be the tip of the country's extensive drug logistics network. Channels that often commence in Bolivia, where most of the coca leaves used to produce the drugs are grown, weave their way through the Amazon jungle on Colombia's borders with Peru, Ecuador and Brazil to be processed into coca paste before being sent to factories and then onto distribution centres throughout Colombia. Drug cartels controlling the international trade then forward the powder to the Colombian ports of Cartagena, Baranquilla and Santa Marta from where it is exported to the United States and European markets, often by ship.

With the increasing commercial trade growing in the number of cruise ships calling at Colombia and South American ports, fears are now being expressed by Authorities that here is another source of distribution opening up to the narcotics smugglers. Fines and the potential arrest of ships are typical threats faced by companies, which come into contact with drugs smuggling. However, the ultimate threat could be imprisonment for any executive linked to a conspiracy to smuggle. In the United States, this crime carries with it a minimum sentence of 10 years in jail.

Santa Marta, the largest port on the north coast of Colombia in terms of drug trafficking, has launched a series of innovative approaches to counter the problem. Since August 1997, this port has pioneered its own in-house security force with staff recruited facing a strict vetting procedure. Port security has been strengthened using some of the USD 1.6 billion in aid from the United States in the war against drugs emanating from Colombia. The plan is also to target the cultivation, production and smuggling of cocaine. While the battle within Colombia against cocaine smuggling continues to be fought, with incentives of USD 20,000 a kilo being offered to seafarers, there will, inevitably, always be takers as in the case of the Peruvian electrician Luis Manrique-Barzan who has just been indicted on four federal counts in the United States for his attempt to smuggle 223 kg of cocaine into San Francisco. This would have netted him a USD 2 million jackpot. Now, he faces at least 10 years in jail.



A Summer of Drugs Busts

16 August, 2001

Spanish Police, working in conjunction with their counter parts in the Canadian and United States Drug Enforcement Agencies, seized a multi-million-dollar haul of cocaine concealed in the hull of a commercial ship headed from South America. Crew of a Cambodian flagged ship were arrested as they tried to transfer the drugs to a fishing vessel. In total, 26 people were arrested, 19 on board the two ships, while a further 7 were later arrested in Madrid.

It is the third large drugs haul in Spain this summer and highlights the escalation in the quantity of cocaine being smuggled into Europe using crew on commercial ships. These three seizures alone eclipse the total amount discovered by Spanish Authorities in the whole of last year.

6 August, 2001

Around 155 kg of cocaine was discovered on board a bulk carrier requiring the ship to make an unscheduled call in South Africa after a number of packages were found during a routine inspection of engine room filters. The find was made while the ship was en route between Porto da Madeira in Brazil and China. As a result, the ship was diverted to the port of Saldanha Bay. The value of the cocaine is put at around USD 40 million.

23 July, 2001

515 lbs of cocaine, which have an estimated street value of USD 20-25 million, were discovered in the rudder trunk of a Cypriote-flagged tanker, while in San Francisco. A Peruvian Seafarer, Luis Manrique-Barzan, is indicted in the United States on four federal counts of drug trafficking.

19 June, 2001

Several crew members on board a container ship were arrested in connection with a 77 pound, USD 2.6 million cocaine seizure in Chesapeake Bay, Maryland. Fellow crew members had been recruited to import and deliver cocaine into the US after the ship had sailed from Cartagena, Colombia. During an interagency investigation, customs observed crew on a small ship retrieve two duffle bags thrown overboard by crew on the container ship.

Latest move by the Supreme Court on the Temporary Restraining Order, holding the amended POEA Contract

There appears to be some misunderstanding by some manning agents and the industry with regard to the recent ruling by the Philippine Supreme Court on the amended POEA contract for Filipino seafarers employed on ocean-going ships which came into effect on 25 June 2000. The Temporary Restraining Order (TRO) has not yet been lifted, but we are a lot closer. What actually happened is that the Supreme Court ruled on the complaint filed by a local lawyer, Attorney Linsangan, dismissing his complaint. The complaint of Attorney Linsangan was filed first, followed by an almost identical complaint penned by two pseudo Unions MARINO and MOAA. It was against the complaint filed by the Unions that the Supreme Court issued the TRO. In the early part of this year the Supreme Court issued a resolution combining both complaints for review. It is encouraging that the Supreme Court has now dismissed Attorney Linsangan's complaint and the dismissing of the Unions complaint and lifting of the TRO is expected to soon follow.

Under the new contract, a Filipino seafarer waives his right to claim other damages, including tort damages, upon payment of the disability or injury benefits specified in the contract. Tort cases filed by Filipino seafarers in foreign courts, Republic of Panama and the USA for example, have resulted in payments running into millions of dollars in crew claims. Similarly, shipowners have faced problems and financial losses due to the arrest of their ships following the filing of tort cases against them by Filipino seafarers. As a result, shipowners began to look elsewhere for their crews. To protect Filipino seafarers' jobs, which make up 20% of the total crews on international commercial ships, the Philippine Labour Department amended the standard seafarers employment contract to make it more difficult for seamen to pursue tort claims. This generated opposition from several seafarers' groups, leading to a petition to the Supreme Court to issue a temporary restraining order against the new contract.