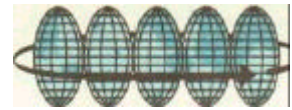


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James L. Henry
Chairman and President

November 21, 2000

Mr. Peter Morris, Chairman
International Commission on Shipping
P.O. Box 162
Civic Square
Canberra
Act 2614
Australia

Dear Mr. Morris:

The Transportation Institute, a trade association representing approximately 120 U.S.-flag vessel owners and operators engaged in the domestic and international waterborne trades, is pleased to offer its support of the work being conducted by the Commission with regard to international ship safety.

The Institute believes that the continued proliferation of substandard vessels poses a grave threat not only to the marine environment but also to the very existence of a commercially viable international maritime fleet which must operate competitively yet profitably. Substandard vessels present a serious competitive disadvantage to diligent and conscientious vessel operators who comply with national and international laws and regimes. It is well recognized that substandard vessels gain their competitive advantage by non-observance of prevailing national and international rules and standards. Still, they are allowed to ply the oceans and trades of the world.

Indeed, a 1996 Organization for Economic Cooperation and Development (OECD) published report entitled, *Competitive Advantages Obtained by Some Shipowners as a Result of Non-Observance of Applicable International Rules and Standards*, established that there were substantial economic benefits accruing to vessel operators who did not observe international rules and standards. The OECD study found that financial advantages for non-observance can amount to approximately 15 percent of the annual operating cost of a vessel. Further, the study suggested that penalties applied to substandard vessel operations are relatively low compared to the economic advantages gained from non-compliance, thereby encouraging this type of behavior by unscrupulous vessel operators.

••• Working for a Strong American Maritime Capability

Although the vessel owner/operator basically has the prime responsibility for ring the safety of his vessel and crew, the Institute opines that the vessel owner is but albeit very important, link in the chain of responsibility for safe shipping. Certainly, charterers, mariners, underwriters, classification societies, cargo interests, flag states and states should all have a distinct sense of responsibility in assuring that the vessels charter, crew, insure, class, register, and inspect fully comply with national and international standards. Each must take their responsibility seriously since even one weak n this chain can lead to a major maritime catastrophe. It is our view that all players in this chain of responsibility are critical to combating substandard shipping. They can exert significant influence on the quality of shipping and must, therefore, unite in an active partnership to alleviate the economic and environmental threat of substandard shipping.

The Institute further advances that existing regulations and international regimes are adequate and fully capable of directing shipping standards throughout the world. However, must be effectively, consistently, and uniformly applied and enforced through the collective responsibility of both flag state and port state control. We firmly believe that flag states must implement and achieve compliance with national and international regimes for vessels under their register while port states must enforce them on foreign-flag vessels while in their jurisdiction. In essence, port states must support and expand the efforts of states in identifying and eliminating substandard vessels; realistically, port states are final safety net.

Moreover, the Institute supports the efforts of the International Maritime Organization (IMO) in its wide reaching efforts to promote safe shipping practices worldwide and in its formation of the Flag State Implementation Subcommittee and the groups's emphasis on flag state self assessment. Unfortunately, failure to provide the IMO the means for ensuring compliance with its conventions and standards has created Achilles' heel for the organization - as noted by the Commission, that has perhaps impeded its effectiveness.

The Institute appreciates the opportunity to comment on this important issue and applauds the Commission's efforts to improve safety and protection of the marine environment.

Sincerely,

James L. Henry
Chairman and President