

IACS

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International Commission
on Shipping
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Attn: The Chairman - Honorable Peter Morris

Dear Chairman,

The following submission is made to your International Commission on Shipping on behalf of the International Association of Classification Societies, in response to your letter dated March 2000 in which the terms of reference for the Commission are expressed.

Background

Shipping is an industry where public and political interest and accountability have sharply increased in recent years. And this is so despite the continuous progress made by the partners involved with ship safety. The world fleet continues to grow and is becoming more complex, but accidents as statistics show, have decreased. Nevertheless, this is not a reason for complacency. Each accident, every life lost at sea, every case of pollution of the environment is one too many. This was dramatically demonstrated with the recent ERIKA accident, the 37,000 dwt tanker which broke in two and sank off the Atlantic coast of France. We have to continue to find ways to further reduce risks and improve quality and safety in shipping.

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With respect to the current approach taken by Governments, Industry and interested parties to achieve compliance with international minimum safety, environmental and social requirements, more regulations and inspections are certainly not what is needed. There is a growing awareness today amongst many players, that the industry is being plagued by a continuously escalating number of regulations and by an excessive number of inspections. This has become nearly unmanageable for the crew as well as for the operators. It is widely agreed today that we have reached a point where more regulations and inspections will not contribute to further increases in safety at sea, but that a more efficient implementation of Rules and a better co-ordination of inspections will serve the purpose best. This is an important task for IMO, and class and IACS will play a significant role.

The Class Role

Classification is a process through which the principal standards for the construction of ships and their essential engineering systems are developed and compliance with those standards is certified through design appraisal and surveys during construction and periodically throughout a ship's life. Classification is required by many marine underwriters and P&I clubs as a prerequisite for insurance coverage, by governments as a prerequisite for statutory certification, and by various organizations and associations as evidence of compliance with recognized safety standards. This fundamental role has widened over the years to include the performance of statutory certification services on behalf of many governments. To perform and advance these roles, the major classification societies, Members of IACS, conduct and sponsor extensive research and development programs and have developed highly advanced engineering analysis and information management systems as well as global networks of engineering and survey offices. These capabilities and global presence are unmatched by any government or organization involved in promoting safety of life and property at sea and protection of the marine environment.

Ship Classification and IMO

In recent years, since the creation of IACS, the maritime industry has expended much effort battling excessive competition in the world shipping market resulting from continuous over-capacity. At the same time there has been a general shift from traditional company fleets managed with pride in the quality of their fleet and its operation, to more fragmented arrangements, with far looser personal ties of owners or operators to their ships. This has been a scenario in which sub-standard ships could develop and in fact operate at a commercial advantage by cutting corners regarding maintenance and new investment.

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This situation placed increasing demand on the technical skills, knowledge and experience available in the class societies. The unique level of know-how in IACS and its member societies, and the resulting contribution IACS could make to the industry regarding safety and Rules was recognised by IMO, which gave IACS consultative status within the first year of its existence in 1969. Even today IACS remains the only non-governmental organisation with this status which is able to develop and apply structural Rules. IACS is also co-operating closely with IMO regarding MARPOL (the International Convention for the Prevention of Pollution from Ships) through MEPC, (IMO' s Marine Environmental Protection Committee). Many of the specialists from IACS working groups are also participating in the work teams of the relevant IMO Committees.

The key influencers, besides Class, for safer shipping – Shipowners and their Associations, the IMO, Flag States and Port States – each respect class Rules for structural design and essential engineering systems as the technical foundation for a safer world fleet. Recognising this central role of class, the 1 July 1998 revision to SOLAS 74, on "Recognised Organisations" requires that "ships be designed, constructed and maintained in compliance with the structural, mechanical and electrical requirements of a classification society, recognised by the Administration, or with applicable national standards of the Administration which provide an equivalent level of safety". This is a precondition for meeting other SOLAS safety standards for new ships. In addition, compliance with IMO Conventions is the basis of the ISM Code – the yardstick of international shipping safety for both Flag State and Port State Control regimes.

IACS Members' class certification of ship's structures and engineering systems and the linkage of recognised class societies to compliance with statutory safety regulations are now inseparable. With its fund of knowledge and experience IACS will continue to set the principal standards for ship structures and essential engineering systems and play an important part in support of the industry's safety obligations.

Attached to this submission is the consolidated "IACS Briefings 1996-1998" in which "IACS Briefing" No. 4 dated February 1997 in entitled "IACS and IMO - The Essential Relationship". This document provides a more fulsome explanation of the relationship between classification society Rules and international convention requirements.

Class and the Marine Industry

Classification Societies went through a period of crisis in the late eighties and early nineties, when suspicion arose that due to excessive competition between class societies the quality standards for ship newbuildings as well as ships in operation deteriorated to some degree. This resulted in a certain mistrust of class, as well as between safety partners in shipping generally.

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To meet the challenges of a changing industry, IACS made a number of radical changes in the 1990's. These included establishing an IACS Code of Ethics, the Quality System Certification Scheme (QSCS), the Transfer of Class Agreement and a number of other measures, for example addressing transparency, employment and control of non-exclusive surveyors, procedures for monitoring surveyor activity, qualification and training of surveyors and procedures for responding to Port State Control.

Regarding quality systems, IACS is concerned with the internal quality systems of its members as well as with auditing and certifying quality systems on board and in shipping companies. IACS' own quality programme has been in place since 1991 and has contributed very significantly to the standing of IACS Members as guardians of high uniform standards in classification as well as in serving Flag States.

Formerly, Class was concerned with the technical side of shipping alone, with ship structures, machinery, electrical systems and equipment as well as with all safety devices. After it had been realised that safety at sea is very strongly influenced also by the operational side, attention to the human element in shipping has been taken up by class as well.

IACS resources, experience and fleet data have proved valuable in practical preparation for launching the ISM Code. By setting up uniform standards for ISM auditor training IACS has helped its members set up a world-wide network of auditors with the same standards, wherever a ship calls.

IACS Contributory Publications

Apart from class Rules, which are increasingly based on uniformly agreed IACS recommendations, IACS has produced a series of manuals designed to inform shipowners, masters, surveyors, shipyards and repairers and terminal operators on various aspects of ship construction, inspection, maintenance, repair and cargo handling.

Focusing on the avoidance of hull over-stressing and damage during cargo operations, the most recent manual is – *Guidance and Information on Bulk Cargo Loading and Discharging to Reduce the Likelihood of Overstressing the Hull Structure*. The 40-page manual is aimed at shipowners, masters, port authorities and terminal operators.

A summary version – *Bulk Carrier – Handle with Care*, puts special emphasis on the importance of detailed communication between ship and shore staff during cargo operations.

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The 1994 manual – *Bulk Carriers – Guidelines for Surveys, Assessment and Repair of Hull Structure* provides essential guidance for survey preparation and execution. It covers the main areas of the hull structure with extensive analysis and illustration of structural failure examples and repairs. This 100-page manual provides rapid illustrated reference for masters and crew, flag administrations, Port State Control Inspectors and ship repairers.

1997 saw the publication by IACS of the first ever comprehensive guide to *Shipbuilding and Repair Quality Standards (SARQS)*, which enjoyed strong demand and has recently been reprinted.

Consequences of the ERIKA Accident

The ERIKA accident off the coast of France on 12.12.1999 is a brutal reminder that we may not sit complacently and be satisfied with what we have accomplished in the past. It is a fact that ship accidents have decreased during the 90's and so has the average pollution by outflow of oil into the oceans. This is the result of positive co-operation of all partners involved with ship safety. It is not an accomplishment of class alone, although class and initiatives taken by IACS have been of central importance. Public tolerance for accidents with consequential pollution of the sea and coastline, on the other hand, has been lowered at least at the same rate, if not more.

An inquiry is underway, but the extensive pollution by heavy fuel oil, one of the worst petroleum products we have regarding pollution, forces politicians to act quickly and drastically. IACS has kept up a meaningful dialogue with the politicians and other industry partners. Most important, however, was the need for IACS to critically review how class and the surveyors handle older ships, and whether present procedures are strong enough to weed out sub-standard ships.

A series of stringent new measures was introduced at an extraordinary IACS council meeting held in Hamburg in February this year. These include an extension of surveys for tankers above 15 years of age, such as annual inspection of tanks with high risk of corrosion, and reduction of the time between extensive class renewal surveys from five to two and a half years. At least two surveyors will have to attend the more extensive surveys in the future. Also attached is an IACS document entitled “Outcome of the IACS Extraordinary Council Meeting 16/2/2000 in Hamburg”, which gives more detail of the decisions taken on 16/2/2000.

IACS and Industry

IACS has participated with Governments, Industry and interested parties in the Mare Forum sequence of conferences which led to the establishment of ICONS.

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IACS also held a meeting with a number of “Industry Partners” at the beginning of the IACS Council Meeting in December 1999. The industry representative organisations were : ICS, Intertanko, Intercargo, BIMCO, OCIMF, IUMI and the International Group of P&I Clubs. Hitherto, the only formal interface between the industry and IACS per se, as opposed to the individual member societies, was in the forum of the IACS Quality Advisory Committee (QAC). The meeting with Industry Partners, a meeting subsequently retitled to “Meeting with Industry Association Leaders”, was generally regarded as a major step forward. It was the original intention that this meeting should be repeated on an annual basis. However, in the wake of the ERIKA casualty the group was reconvened on the 5th May 2000, in order to have a dialogue on the consequences and decisions taken by the IACS Council in Extraordinary session in February 2000.

In a press statement at the end of that meeting, it was stated that the meeting recognised that the ERIKA incident had created a new climate in which the public was increasingly intolerant of any failure on the part of the maritime industry and that it was essential to work together towards restoring confidence in the system.

The Press Release went on to say that while the classification societies are only one parallel link in the chain of maritime responsibility, their increasingly pivotal role was acknowledged, and the need to ensure that the professional status of class is enhanced was fully recognised.

The meeting welcomed the many technical measures initiated by IACS following the ERIKA incident to further strengthen survey and transfer of class procedures and to investigate compliance with the IACS quality procedures. However, the need for a change in thinking on the part of all interests - shipowners, shipyards, charterers and others, including flag states - as well as class was fully accepted.

In particular the meeting addressed the need for :

- Better transparency: it was agreed to identify areas where greater transparency and communication were considered necessary and to address obstacles to those ends.
- Better investigative procedures, both internal and external : in this connection it was recognised that internal investigations must not only be effective but also be seen to be effective. As regards casualty investigations, the failure of some flag states to report, or in some cases even conduct, casualty investigations was seen as a source of major concern, and therefore the need for IACS to continue to improve its investigative procedures was paramount.

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- Better policing: the meeting agreed that the present system of self-policing must be reviewed against the need for greater accountability.

Importantly, the meeting agreed to establish a Working Group urgently to consider the need for a fundamental review of the links in the chain of responsibility in the context of the role of class, its effectiveness and responsibilities, and the contribution of industry to that objective. The Working Group which will comprise representatives of the industry organisations as well as class, will be asked to report back to a further meeting between IACS Council and industry leaders in the Autumn of 2000.

The meeting recognised that any proposals for change will inevitably have wide repercussions and therefore raise objections from some quarters which will have to be overcome. However, it was agreed that improvements in the system, not least the construction of stronger ships, would be considered as one of the factors to enhance the safety of maritime transport.

It can be seen, therefore, that in terms of the current approach being taken by industry and IACS, there is a profound mutual recognition of the dependance that various parties have upon one another in pursuit of the objective to eliminate sub-standard shipping, and hence in the interest of compliance with international minimum safety, environmental and social requirements.

IACS and Quality Shipping

Ship Classification plays a central role regarding quality and safety standards in shipping. Today we are at a time of transition, transition from the prescriptive rules and regulations common in the past to a more self regulatory and self responsible attitude and culture being developed and implemented in the Industry itself by those seriously interested in quality shipping for the future. Class today sees itself at the heart of modern industry self regulation and IACS, the International Association of Classification Societies, is a driving force behind this move.

We are fully aware that we are one partner in the network concerned with shipping and shipping safety. We have to understand the situation, understand the needs as well as the concerns of each partner. IACS therefore has not only started to meet with other chairmen of industry associations, but also with representatives from Flag and Port States as well as others to review or initiate co-operative efforts to try to define the remaining weaknesses of the present system and agree on ways to make progress together in our common concern for quality in shipping.

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With regard to the current approach to compliance with convention requirements, IACS will encourage a uniform use of modern analysis methods suitable for the examination, evaluation and reduction of risks involved with modern ship systems and operations. "Formal Safety Assessment"- FSA - is a concept which, if kept simple, can be of great benefit to the maritime community. FSA helps identify and evaluate risks and, subsequently forms the basis for appropriate rules, regulations, designs or decisions on actions to contribute to safe operation. Most IACS Members have become leaders in the field; however there is a lack of uniformity in its application. Therefore IACS Members are undertaking common training as subject matter experts in FSA in order that IACS can make increasing use of FSA in a uniform way.

IACS will be closely working with the important Port State Control regimes. This is a firm, stated commitment. The PSC spot checks augment the periodic inspection schemes of class and contribute towards achieving objectives of safety at sea and prevention of marine pollution. A close bilateral co-operation between PSC and class is most important in order to make the PSC system most effective.'

It is realised today that the surveyor is the person standing in the centre of all class activities and often he has to make difficult decisions under considerable pressure. Therefore training of surveyors also continues to have high IACS attention.

Within the Member Societies' concern for safety throughout the life cycle of ships, IACS is also taking up the issue of ship scrapping. Class is preparing to assist with technical support and documentation for ship new-buildings in the first instance.

Summary

IACS has steadily made enormous progress in recent years, and significant decisions to further strengthen Class have been taken since the ERIKA casualty. The Association will continue to be at the heart of both the new safety culture in the marine industry and the actions for continuous improvement needed in shipping quality and shipping safety.

With respect to the class responsibilities and regulation, and particularly the roles of State, Class and the Owner, "IACS Briefing" No. 8 dated January 1999 Class - Responsibility and Regulation, is to be found in the attached document "IACS Briefings 1996-1998". Additional relevant information may be found in "IACS - 1995 Review of Initiatives (contained in the IACS Briefing 1996-1998)" and in the later "IACS Briefing" No.9 - Regulation Update, also attached which gives further definition.

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General

IACS looks forward to participating in one or more of the Commission's public Hearings, and would appreciate being kept up to date with the location and dates of the Hearings.

Yours sincerely,

R M Bradley
Permanent Secretary