

**Co-operation between flag and port States
to bring about Quality Shipping**

by

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Role of Flag States

Under the United Nation Convention on the Law of the Sea (UNCLOS) a flag State has the ultimate authority over a ship flying its flag. It is also held ultimately responsible for the conduct, safety and environment protection of a ship flying its flag. In other words, a flag State has a very important and significant role to play to bring about quality shipping in its fleet. Unfortunately we have seen some flag States not playing their roles properly. Ships flying these flags are synonymous to sub-standard ships. In fact you will find these same old flags years after years as reported by the Paris and Tokyo MOU on Port State Control (PSC) having an above average detention rate. The reasons for the under-performance could be one or a combination of the following:

- a) lack of technical expertise;
- b) lack of resources; and
- c) lack of safety and environmental protection culture.

Qualifications of a good quality flag State

2. Since a flag State has an important role to play in the promotion of quality shipping in the fleet of ships flying its flag it must ensure that it has the capacity and ability to do so. A flag State must satisfy the following criteria before it is in a position to perform in a responsible manner:

- a) it should have adopted all the relevant international conventions promulgated by IMO and ILO;
- b) it should have the legal framework and means of promulgating its legislation in respect of the international conventions as described in (a) above;
- c) it should have the ability and competence to enforce its maritime legislation; and
- d) it should have a quality ship management system to be able to:
 - i) monitor the performance of its ships, the shipowners/ship managers and the classification societies acting on its behalf; and
 - ii) take corrective actions or sanctions against its shipowners/ship managers, authorised classification societies and ships flying its flag for sub-standard performance.

What can we do to encourage flag States to go for quality shipping

3. There have been many campaigns for quality shipping such as the Mare Forum, the Quality Shipping Charter, the European Commission's Equasis computer system etc., all of which are aiming to provide sanction against individual sub-standard ships and sub-

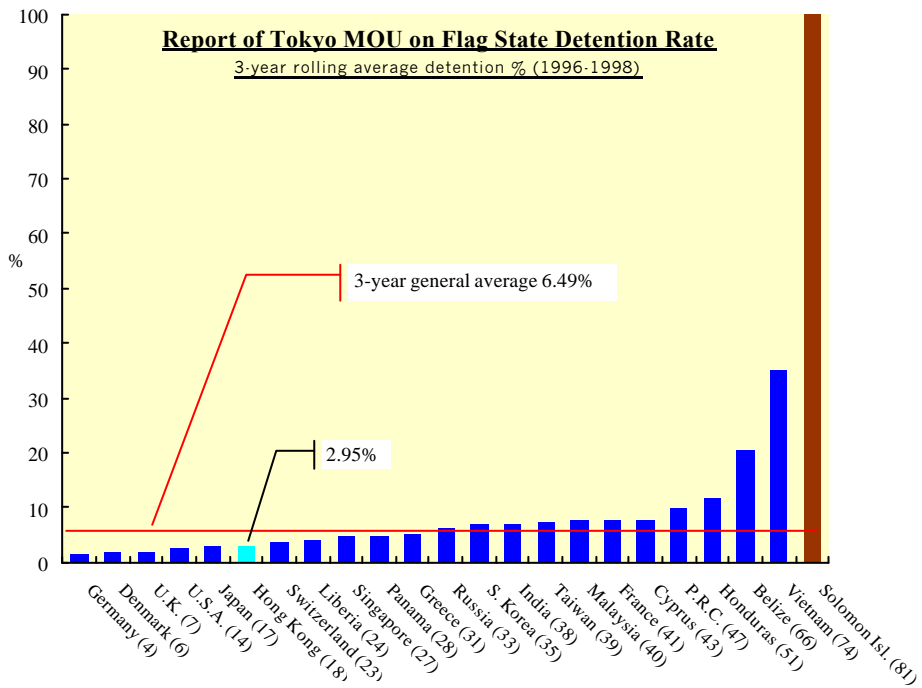
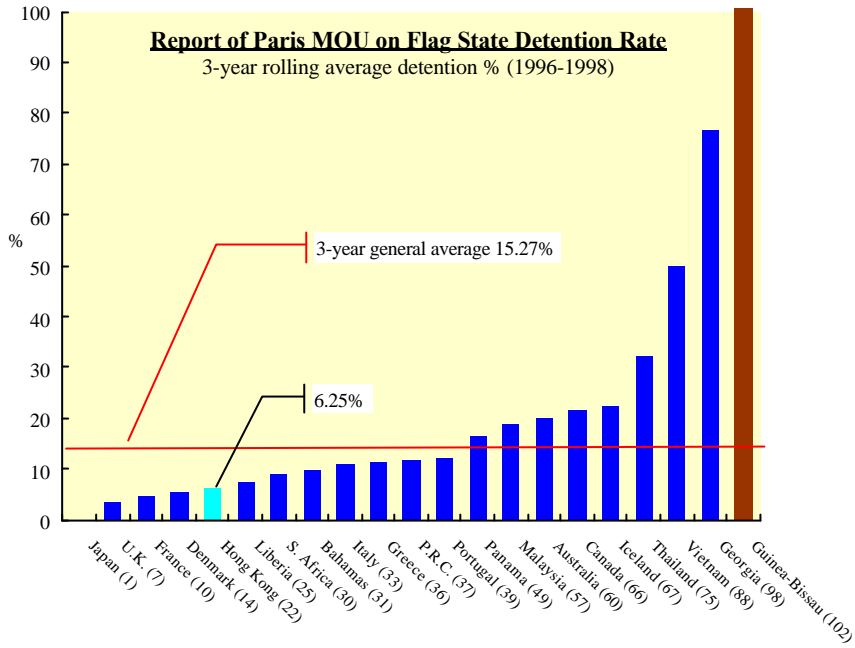
standard operators. Since a flag State has the ultimate authority and responsibility over its ships if we can find the means to encourage a flag Administration to go for quality shipping we can have much better result in our campaign for quality shipping.

4. This is being attempted at IMO in the form of self-assessment by the flag States to determine whether they have the **means** to enforce international conventions on their ships. There are very few responses so far. At the end of 1999 there were only 7 submissions out of 157 flag States parties to the IMO Convention. Furthermore the present design of the self-assessment form does not provide any **benchmark** for the flag State concerned to measure its performance nor does it provide any means for a flag State to **compare** itself with other flag States. We need a better mechanism to provide the driving force to **motivate** the flag State to strive for better flag State Implementation and better quality shipping. This mechanism is available and can be found in the Port State Control Statistics published by the Paris and Tokyo MOU Secretariat.

Statistics of Port State Control Detention

5. Despite its imperfection and various criticism on the Port State Control inspection and the subsequent Port State intervention, the PSC system has been applied universally and more or less uniformly within various PSC regions without regard to the flag of a ship it is flying. The statistics on flag State detention as a percentage of ship inspections published annually by the various PSC Secretariats are an **objective** and fairly accurate indication on the performance of a flag State and the quality of its fleet of ships in general.

6. With a view to determine the quality of HK ships in general and our Flag State Quality Control (FSQC) system on HK ships in particular we have re-arranged the flag State detention rate as published by the Paris and Tokyo MOU in an ascending order as shown in the following graphs.



These two graphs constructed from the port State detention statistics published by the

Tokyo and Paris MOU Secretariats provides us not only a **benchmark** on where we stand in the world league of quality ship registers but also more importantly it provides us the impetus for achieving better quality shipping and the motivation for a higher ranking in the following year. If these two graphs produced by us for **internal use** can be published by IMO or the regional PSC Secretariats, the much wider publicity may provide the driving force to flag Administrations to strive for better quality on their ships.

Flag State Quality Control System (FSQC)

7. For a flag State having the ability, capacity and the administrative machinery (as outlined in paragraph 3 above) to implement international conventions on its ships does not necessarily mean that its ships can uphold the international standards **at all times**. We need an effective quality control system as well. In the past we required an initial audit inspection carried out by our own surveyors for every ship coming to the Hong Kong Register after the ship was surveyed by one of our seven authorized classification societies. This was intended to be a quality assurance measure. We also required the same ship to be inspected by our surveyors at least once every 5 years thereafter. This quality control system enabled us to maintain an above **average** quality on Hong Kong ships as shown in the flag State detention statistics. To bring the quality of Hong Kong ships to a much higher level and at a more competitive cost to the shipping industry we need a much more effective quality management system than what we had.

8. Our ship quality management system was overhauled and replaced by a Flag State Quality Control system (FSQC) in 1999. Under the FSQC the emphasis on quality management has been expanded to include a **continuous** quality management on:

- a) ships;
- b) ship managers; and

- c) authorized classification societies.

Quality management on HK Ships

9. As most of Hong Kong ships are trading on a world-wide basis and rarely return to Hong Kong, physical quality checking of every Hong Kong ship around the world is **difficult** and **not cost-effective**. We need a comprehensive quality monitoring system on HK ships on a world-wide basis. Our base line of monitoring is our access to our authorized classification societies' computerised survey records of HK ships. This enables us to have a close watch on the standards of compliance of Hong Kong ships with the international conventions at all times. We can also have access to the PSC inspection records of HK ships held in the Tokyo MOU Secretariat and probably the Paris MOU in the future. We are also in the process of getting the PSC inspection records from the US Coast Guards. The results of these data collection would enable us to construct a safety profile on all Hong Kong ships. Grading or ranking is then assigned to all HK ships taking into account the following factors:-

- a) age,
- b) type of cargo carried (e.g. DGs),
- c) type of ships,
- d) deficiency and detention record,
- e) track record of ship managers, and
- f) results of FSQC inspection etc.

The worst 10% of Hong Kong ships under the above scoring system will be chosen annually for Flag State Quality Control (FSQC) inspection at no cost to the shipowners. However if a ship is detained with serious deficiency, the shipowner will be charged for the cost of the FSQC inspection.

Quality Management System on Ship Managers

10. In many cases, the deficiencies found on board a ship may not fall under the responsibility of the crew or the authorized classification societies. Shipowners/ships managers need to provide the necessary resources, training and support to help the crew carrying out their duties properly. Therefore, the ship managers have one of the most important role to play in achieving quality shipping. The introduction of the International Ship Management Code (ISM Code) and its international implementation on 1 July 1998 enables us to regulate the performance of ship managers which we were not able to do so in the past. The FSQC System takes advantage of this latest international development. We scrutinize the safety management document submitted by the ship managers. We shall participate in the company annual ISM Document of Compliance (DOC) audit at no cost to the company if a number of FSQC inspections indicate that the ship manager is not carrying out its duties properly. In addition we may also conduct a special audit on the ship manager if :-

- a) a good proportion of his ships are found deficient under PSC inspections or are involved in various incidents; or
- b) one of his ships is detained with serious deficiency and the causes of the deficiency are related to the ship manager's shortcoming in ship safety management.

Under these circumstances and as a sanction against the ship manager we will charge him not only the cost of the special audit (outside the ISM code audit schedule) but also the cost of our inspection on his ship detained with serious deficiency.

Quality Management System on Classification Societies

11. In common with other Administration we have also delegated all the survey and certification of Hong Kong ships to seven authorized Classification Societies (CS). The control on the quality of HK ships is very much in their hands. To ensure ships surveyed and certificated by them comply with the international conventions we need to have an effective quality management system on their performance. Without such a management system the quality of a HK ship will be no different to any of those sub-standard ships flying a suspicious flag but surveyed and certificated by the same CS.

12. Under the FSQC we require access to CS's computer records on Hong Kong ships. This will allow us to determine:-

- a) whether ships are surveyed and certificated according to the schedules and to the international requirements,
- b) whether a Hong Kong ship has been allowed a condition of class or outstanding survey item or deficiency but unattended to by the ship managers,
- c) whether the conditions of a Hong Kong ship as shown in the survey report comply with international convention requirements; and
- d) whether the survey and certification have been carried out in accordance with our instructions and requirements.

13. For any quality management to succeed, we must be able to impose sanctions or corrective actions against non-compliance or under-performance. Three corrective measures are introduced into the management system. Firstly we will debar the CS

surveyor if he is found to have carried out survey and certification on a Hong Kong ship with unprofessional standard. Secondly, an annual report will be published basing on objective parameters on the performance of CSs. Thirdly, for the CS found to have serious managerial or procedural problems with regard to survey and certification, an audit on the CS may be conducted.

Results of FSQC

14. With the implementation of FSQC since April 1999 the detention of Hong Kong ships on world-wide basis has been reduced from 16 in 1998 to 10 in 1999 -- a 45% improvement over the previous year. We are therefore confident that we can contribute significantly to the campaign for quality shipping by making Hong Kong ships among the best quality ships in the world.

Contribution of Port States to Quality Shipping

15. So much has been spoken about the role of a Flag State to bring about quality shipping and Hong Kong's experience on its Flag State Quality Control system. All of these efforts by the flag States will rely on the continuous operation of the Port State Control System, co-operation and assistance from Port States. For example the driving force to motivate flag states towards quality shipping (by ranking all the flag States in accordance with their flag State detention rates) needs to come from the statistics of the PSC. Hong Kong's FSQC System also relies to a certain extent on records of inspection and detention of Hong Kong ships held by the Port States. As the PSC statistics assume greater prominence, flag States will become increasingly concerned on the grounds their ships are detained as that will affect their ranking in the flag States detention. On a more constructive aspect a flag State also needs to know the cause for the detainable deficiency with a view to tackle the root cause rather than symptom. All of these will call for greater co-operation and more constructive and timely dialogue between port States and flag States. We as an

Administration are now performing both the role of a flag State and port State, such co-operation will bring mutual benefits to all of us and also more respects to port States interventions.