

# SIGNALS

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## SULPHUR CAP 2020 SPECIAL FEATURE

Preparing for a change in  
the shipping industry

### PREVENTING BUNKER SPILLS

Reviewing the underlying causes of bunker spills

### SANCTIONS

Importance of due diligence

### STOWAWAYS CHANGE TACK TO REACH UK

Stowaway trends over the last 18 months

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# 2020 VISION THROUGH A FOG OF UNCERTAINTY

The IMO global sulphur cap is coming and the shipping industry must start preparing to change.



The reduction in the maximum allowable sulphur content of marine fuels in 2020 is likely to have a massive impact for many in the industry. Shipowners will need to make tough decisions on how their vessels will comply with the new limit, charterers who buy fuel will need to know how it will economically affect them and seafarers will have the ultimate challenge of ensuring vessels continue to run safely and efficiently.

There are several options on how to comply with the sulphur cap. As well as the various fuel choices on offer, there are abatement technologies such as scrubbers (Exhaust Gas Cleaning Systems). But what is the right choice? Unfortunately, there isn't a simple solution. A shipowner's choice will depend on a number of factors and influencing the decision will be the inevitable gamble on what the availability and price of fuel will be post-2020.

What will be certain is that there will be economic and commercial impacts.

## SHARING OUR 2020 VISION

To help Members, North has launched 2020 Vision - an initiative which aims to tackle the challenges that are likely to arise following the introduction of the reduced sulphur cap.

We have various tools available to assist Members, including a dedicated 2020 Vision Insights area on our website ([www.nepia.com/insights/2020-vision](http://www.nepia.com/insights/2020-vision)) and a new loss prevention guide on marine fuels. This edition of Signals also includes a 2020 Vision special.

The challenges are not all just operational and technical. Time charterparties will require particularly close attention; an area where our colleagues in FD&D are well-placed to assist. We can help Members make informed decisions on options for compliance and address the potential contractual and charterparty pitfalls that come with these new rules.

The issue is not all about fuel. We've blended it with articles on a variety of other subjects that we hope will interest you. Changes in stowaway trends and the treatment and care of ill and injured crew are considered. Crews on vessels carrying steel cargoes will also be interested in our new loss prevention briefing on the subject.

## WRITE AND WRONG

The importance of proper descriptions and wording makes repeated appearances in this edition but across different topics. We raise awareness of the practice of inserting

charterparty amendments on the description of the Master's role during cargo operations as well as looking at how the wording of clauses that relate to mooring ropes can prove costly to a shipowner. We also discuss how the description of cargo in bills of lading affects package limitation - describe it wrong and the claims cost could rocket.

The collision case analysis makes a welcome return this edition, providing food for thought for the navigators amongst you.



Alvin Forster, Deputy Director (Loss Prevention)

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100 The Quayside,  
Newcastle Upon Tyne NE1 3DU UK  
Telephone: +44 191 2325221  
Email: [loss.prevention@nepia.com](mailto:loss.prevention@nepia.com)  
[www.nepia.com](http://www.nepia.com)

## HOW HAVE WE DONE?

Let us know what you think of the latest edition. Contact us at [signals@nepia.com](mailto:signals@nepia.com)

## INSIGHT ARTICLES AND BACK ISSUES

Current articles from Signals can be found online at [www.nepia.com/insights](http://www.nepia.com/insights) and back issues of Signals are available online at [www.nepia.com/signals](http://www.nepia.com/signals)

## CONTRIBUTORS

Editor: Alvin Forster

Contributors: Alvin Forster, John Southam, Eamon Moloney, Michael Hope, Barry Ayliffe, Louise Ferrari, Lucy Dreyer, Abbie Rudd, Peter Scott, Rod MacLennan, Tiejha Smyth, Katherine Clifford and Gemma Martin.

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# GPS OUTAGE - A NAVIGATOR'S NIGHTMARE



The Global Positioning System (GPS) is one of the most heavily relied upon aids to navigation. It is considered to be easy to use, accurate and reliable. But GPS signals can be degraded or blocked by both natural and manmade sources resulting in inaccurate data or complete loss of GPS signal.

The Global Positioning System (GPS) is one of the most heavily relied upon aids to navigation. It is considered to be easy to use, accurate and reliable. But GPS signals can be degraded or blocked by both natural and manmade sources, resulting in inaccurate data or complete loss of GPS signal.

This article considers some of the problems with GPS signals and reminds seafarers of navigational best practice to ensure that any GPS problems are less likely to lead to difficulties.

## COMMON PROBLEMS

### Incorrect Installation

Incorrectly installing the GPS equipment and antenna on board can mean that the given position is incorrect or the signal is not received correctly. Careful checks should be made during the installation process to ensure that the equipment is fitted and commissioned in line with manufacturer's requirements.

### User Error

Operator errors can occur, such as the GPS being left in dead reckoning (DR) mode. Good practice is to regularly check the equipment before the start of the watch – these checks will allow the user to not only become familiar with the current navigational inputs but will increase familiarity with the equipment displays, menus and alarms.

### Atmospherics

Signals from the satellite can also be affected by irregular activity in the earth's atmosphere. A typical example is refraction, which lengthens the path of the signal as it passes through the atmosphere. Users should be familiar with the process of manually selecting satellites to improve overall satellite geometry and assist in reducing this effect. Solar storms may cause electromagnetic interference which effectively drowns out the satellite signal causing errors in positioning.

### Local Issues

In some locations in the world, for example in polar regions, the availability and quality of GPS signals can cause issues. The 'spread' and number of available satellites can affect

the accuracy of the information provided. Errors can also be caused when satellite signals reflect off objects such as structure or mountain. This is known as multipath error.

### Deliberate Acts

Jamming, spoofing and hacking are all possible malicious actions that can affect a vessel's GPS signal.

Jamming is a locally generated interference that drowns out the GPS signal. In 2007 a jamming incident in San Diego harbour led to a disruption to all GPS related services that not only affected shipping but also the naval medical centre, emergency pagers and the harbour's vessel traffic services.

Spoofing is the fake broadcast of a satellite signal. In June 2017, the signals of approximately 20 ships were spoofed in the Black Sea. The Master of one vessel off the port of Novorossiysk noted that according to the GPS, his ship's position was 32 kilometres inland.

Hacking of GPS software could lead to information received being misleading or misinterpreted.

## ALWAYS CROSS-CHECK

It is easy to become over reliant on GPS and neglect other forms of position fixing. It is vital to cross-check and that you are comfortable using traditional methods of fixing a vessel's position, even where this might be done on ECDIS.

Simple measures include:

- ▲ Plot the position: Take a series of ranges and bearings from prominent land marks or navigational features. Single range and bearings should be avoided. When using ECDIS, crew should still plot ranges and bearings to confirm the vessel's position.
- ▲ Increase the frequency: Plot positions at intervals so that the vessel cannot run into any danger in between the plots. For example, if the vessel is close to the coastline, position fixing should be more frequent.
- ▲ Parallel indexing: This is a simple yet highly effective way of continuously monitoring the vessel's position. These

should be included in the voyage plan.

- ▲ Use the echo sounder: This is another means of confirming that the vessel's plotted position is correct. For example, if you know the under keel clearance should be 14 metres for the position you have plotted, then this is easily confirmed by a quick glance at the echo sounder.
- ▲ Beam bearings: The use of beam bearings is a highly effective way of visually confirming when to alter course.
- ▲ Alteration of course: The vessel's position should be plotted shortly before and shortly after you perform a course alteration. This confirms you are in the correct position prior to altering and that the alteration has had the desired effect.

When plotting the vessel position, confirm the position by multiple means and do not rely on a single method where possible.

## GPS FEEDS: IDENTIFY EQUIPMENT

Numerous items of navigation equipment have a GPS input. Even items such as the vessel's GMDSS equipment can be affected by a GPS outage. In order to maintain some useful input (and therefore output), in the event of GPS loss it is important to set the ECDIS to dead reckoning (DR) mode and also ensure radars are sea stabilised. Navigating officers should familiarise themselves with all bridge equipment and be fully aware of any inputs for other equipment.

It is good practice for crew to run drills for such situations. Crew can then easily identify the equipment that will be affected by a GPS loss in the event of a real outage.

## ALWAYS EMPLOY BEST PRACTICE

Exercising best practice at all times - even when GPS is operational - will mean a safer vessel and a crew that is ready and well-drilled in the event of GPS loss. Best practice assists navigational officers in maintaining good situational awareness, ensuring that safety is less likely to be compromised when navigating in restricted or congested waterways.

By John Southam  
Loss Prevention Executive

# PREVENTING BUNKER SPILLS



Oil pollution incidents can lead to expensive claims, where clean-up costs, fines and damages to affected third parties can reach several million dollars. But most oil pollution claims do not involve tankers or oil cargoes – pollution caused by the release of bunker fuel is more common.

Heavy fuel is widely used for bunkers and is described as persistent oil. This means that it's composed of heavier hydrocarbon fractions which do not dissipate rapidly through evaporation and may require a more thorough clean-up operation than non-persistent oils.

The release of fuel oil into the seas can occur if a tank is breached. This may be as a result of a collision or impact with a fixed or floating object (FFO). However, many bunker spills happen during bunkering operations and the vast majority of these spills could be avoided.

Many bunker spills occur when a fuel tank overflows during the bunkering process. A vessel's storage tanks will be designed to overflow into the designated overflow tank and if this fills completely, the fuel spills out of the tank vent head, onto the deck and into the water. Overflow tanks can also fill up when the bunker manifold is over-pressurised and the system's safety valve relieves the pressure into the overflow tank.

Numerous common factors emerge when looking at the underlying causes of bunker spills. Some are outlined as follows:

### ▲ Not acting on overflow alarms

Overflow tanks are fitted with float alarms that activate when a set level is reached. These are usually positioned quite low in the tank to allow plenty of time for the engineers to act. On some vessels, a flow switch is fitted to the manifold safety valve drain line, which activates an alarm if flow is detected. In some incidents, overflow alarms have activated but the crew did not take immediate action to investigate.

### ▲ Overflow alarms not fitted or not working

There is no statutory requirement to fit alarms to the overflow system and in

such cases crew vigilance and suitable monitoring of the overflow tank contents is vital. For those vessels fitted with such alarms, it is important that they are periodically tested to ensure that they will provide the all-important early warning when it really matters.

### ▲ Failure to monitor bunker tank levels

The crew must not rely on tank high level alarms and overflow alarms during bunkering. The tank levels must be monitored throughout, paying particular attention when tanks are almost full and changing over to new tanks. If the wrong valve is accidentally operated, a tank level could rise and overflow unless detected and corrected by a vigilant engineer.

### ▲ No effective watch at the bunker station

The bunker station should be manned during the bunkering operation. This not only provides visual monitoring and checking for pollution, but is also an important means of communicating with the supplying vessel or barge.

### ▲ Communication between bunker barge and receiving vessel

There must be a means of communication between the supplying and receiving vessels' personnel at all times. If a problem occurs that requires an emergency stop of the transfer, the two vessels must be able to communicate immediately. It is good practice to test these communication channels prior to commencing operations.

### ▲ Not following procedures or the bunker checklist

A vessel's bunker checklist can be lengthy and there may be a temptation

to bypass some of the instructions to speed up the process. This can have major consequences. Shipowners should ensure that the checklist and supporting policies and procedures are sensible and workable. The vessel's crew must appreciate the importance of the procedures and understand their purpose.

### ▲ Supplier exceeding maximum pressure or flow rate

Before bunkering commences, the supplying and receiving vessel must agree a maximum transfer rate and a maximum pumping pressure. There have been instances where the supplier has attempted to exceed these limits to speed up the transfer and has resulted in overflow.

Less common are spills caused by defects to the bunker piping or tanks. Bunker system pipework, fittings and vents that are poorly maintained or neglected can fail in service. Implementing and following a sensible but robust planned maintenance program will prevent the bunker system falling into such a dangerous condition.

## FIND OUT MORE

For more information contact our loss prevention team at [loss.prevention@nepia.com](mailto:loss.prevention@nepia.com) or visit [www.nepia.com/loss-prevention](http://www.nepia.com/loss-prevention)

By Alvin Forster  
Deputy Director (Loss Prevention)

# COLLISIONS

## 'Dream Star' collision with 'Meghna Princess'

Two bulk carriers collided in Singapore waters during daylight hours on 16 May 2014. Weather and visibility were good, with light winds and slight sea.

MEGHNA PRINCESS was carrying cement clinker, heading westbound through the Singapore Strait on passage to Chittagong. DREAM STAR carried coal cargo and was also heading westbound through the Strait to the pilot station with the intention of taking bunkers at Singapore.

In a judgment of the Singapore High Court on 17 September 2017, Judge Belinda Ang held that in this crossing situation, MEGHNA PRINCESS (the stand-on vessel) was 70% liable for the collision and DREAM STAR (the give-way vessel) was 30% liable.

This finding is the direct opposite of the usual 'crossing situation' outcome, where the give-way vessel can expect to bear the majority of blame. To understand why the judge came to her decision you have to read a sorry tale of mistakes, misstatements and downright lies which takes 77 pages of close analysis and argument to unravel.

Nowadays the quality and quantity of electronic data means that collisions cases are generally resolved quickly and economically. In this case, two expert witnesses readily agreed a plot of the position with course and speed of both vessels as they approached the moment of collision. A simplified illustration is shown below.

Unfortunately, that plot was just about the only point of agreement in a nine-day trial. Here are some of the issues:

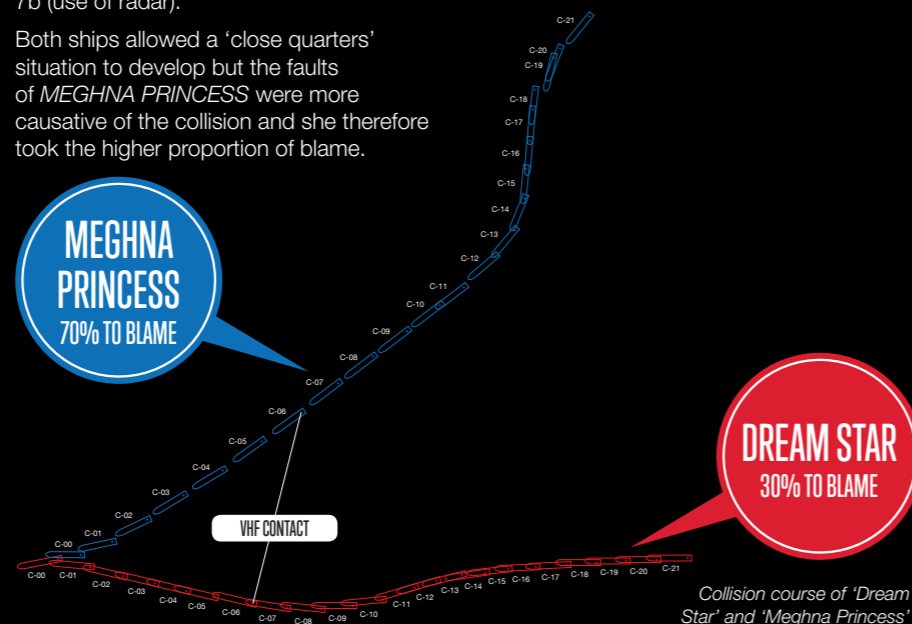
- ▲ MEGHNA PRINCESS claimed it was a 'crossing situation' but DREAM STAR said it was an 'overtaking situation'.
- ▲ DREAM STAR produced no factual witnesses. This meant they could not

prove an 'overtaking situation' because they could not establish when they saw MEGHNA PRINCESS 'by eye'.

- ▲ The master and watchkeepers of MEGHNA PRINCESS gave evidence but what they said in court contradicted their written statements and the electronic evidence. They also falsified the chart and navigation records.

Given this sorry situation, it is not surprising that Judge Ang took her time to analyse the evidence and reach her judgement. Her key decisions were:

- ▲ MEGHNA PRINCESS contributed to the collision by poor ARPA watch, misuse of VHF and breach of Colreg 6 (safe speed) and Colreg 8 (action to avoid collision).
- ▲ DREAM STAR contributed to the collision by breach of Colreg 5 (lookout) and Colreg 7b (use of radar).
- ▲ Both ships allowed a 'close quarters' situation to develop but the faults of MEGHNA PRINCESS were more causative of the collision and she therefore took the higher proportion of blame.



Watchkeepers can take two key lessons from this catalogue of errors:

1. Be aware of the whole situation around you and use all available means to establish any 'risk of collision'.
2. Do not use VHF as a 'collision avoidance tool' or as a shortcut to avoid your obligations under Colregs.

If you think you have heard these lessons before, it was probably in the last collision avoidance training that you attended! The same mistakes arise time and time again and are responsible for an increasing number of collisions reported to North.

By Eamon Moloney  
Deputy Director (Claims)

# BIMCO BUNKER TERMS 2018



## BIMCO has adopted revised standard terms to be used in bunker contracts - BIMCO Bunker Terms 2018.

Adopted by the BIMCO Documentary Committee Meeting in New York on 2 May 2018, the new version came about as a result of a review started in September 2016 in light of the OW Bunker Bankruptcy in November 2014.

The Committee charged with reviewing BIMCO's existing bunker terms included Michael Hope from North's FD&D Department along with cross-industry personnel from maritime law, bunker suppliers and shipowners.

The goal of the revised terms was to create a balanced set of terms that could be adopted by both suppliers and buyers of bunkers with minimal changes and to replace or cut down the large number of supplier's terms and conditions used in the industry. As such, the new terms provide comprehensive provisions regarding claims management for quantity, quality and delay claims. They also provide a liability cap which sets a default limit of liability for the other party at either the invoice value or US\$500,000, whichever is higher. The parties can, however, increase that figure by mutual agreement.

The new terms includes an innovative "election sheet" which forms part of the

contract for the supply of bunkers in which the parties can make certain agreed changes to the terms. These include, amongst other changes, choice of law and forum, liability cap and place of delivery.

It is hoped that since the new bunker terms have been created by representatives on both sides of the bunker transaction that the document will be widely taken up by the industry.

### IMPORTANCE OF DUE DILIGENCE

A review of the circumstances of the OW Bunker collapse led to the committee to conclude that set-off clauses, pay-to-be-paid clauses, bankruptcy clauses and similar were not commercially or legally workable as they would not work in all cases and in all jurisdictions. It also highlighted the importance of risk management and for the buyer of the fuel to carry out sufficient due diligence on the other parties before entering a binding bunker contract.

BIMCO have developed eight questions that should be asked about a potential counterparty:

1. Who are you dealing with and who is the legal entity?

2. What terms and conditions will you enter into agreement on (e.g. time bars, limitations, jurisdiction)?
3. Does the counterparty have credit insurance?
4. Is the counterparty covered for product liability and have professional indemnity?
5. Is the counterparty financially strong?
6. Does the counterparty pledge its invoices?
7. Does the counterparty have a compliance programme?
8. Have you requested an independent market/credit report of your counterparty?

### FIND OUT MORE

The BIMCO Bunker Terms 2018 have now been published. BIMCO Members can find them on BIMCO's website, together with explanatory note. [www.bimco.org](http://www.bimco.org)

By Michael Hope  
Group Director (FD&D)

# TIGHT TIME BARS IN THE US FOR BAD BUNKERS

Contaminated IFO 380 bunkers in the US Gulf have resulted in a significant number of vessels experiencing system clogging and, in more extreme cases, engine damage.

The principal contaminant has been identified as the phenolic compound 4-Cumyl-Phenol. This compound has adhesive (sticky) characteristics and is commonly used in the manufacture of epoxy resins and pesticides. This has led to clogging of fuel filters on board vessels and in some cases damage to the engine. The sticking or seizure of fuel pumps has been particularly troublesome.

The problem is not limited to one fuel supplier and it is difficult at this stage to identify the definitive source. However, the contamination has been linked to the use of fuel oil cutter stock, a product added to residual fuels to reduce viscosity.

It is important to note that standard testing of fuel in accordance with ISO 8217 will not identify this contaminant and additional specialist testing is required in order to do so. Vessels bunkering fuel at ports in the US Gulf may wish to consider this additional testing

when sending the fuel samples to their chosen laboratory. However, it should be noted that the limited number of laboratories worldwide which are capable of carrying out the additional tests are currently experiencing a significant backlog as a result of the Houston fuel issues.

Engineers should pay particular attention to the fuel system and engines when using these fuels and take early action if problems such as fuel pump seizures or filter clogging are noted.

In addition to the practical issues outlined above, the notoriously short time-bar clauses in bunker supply contracts are problematic, particularly in circumstances where there may be a delay between stemming the bunkers in question and starting to burn them, with problems not becoming apparent until that time. Many contracts require disputes as to the quality or quantity of fuel to be notified to the seller within 30 days of delivery, failing which the claim is deemed waived and time-barred. Liability caps stipulated in the contracts give rise to further issues. Naturally, the bunker supply contracts which concern stems made in the US Gulf tend to be governed by US law, which will likely recognise and give

effect to contractual time bars and liability caps. However, there may be an alternative route available to buyers which circumvents problematic contractual clauses where claims are brought in tort.

Should buyers have concerns about the quality of fuel stemmed prior to burning and prior to the expiration of the time-bar, they may wish to consider placing the seller on notice of potential claims arising in relation to the stem. Whilst this may be of assistance in protecting the buyer's position in relation to the time-bar, so far as we are aware the argument has not yet been tested in the US Courts.

### FIND OUT MORE

If Members wish to discuss any of the issues raised in this article, then they should contact our **FD&D team**.

By Louise Ferrari  
Deputy Director (FD&D)

# KNOW THE ROPES – DEALING WITH A ROPEY CHARTERPARTY DISPUTE



Disputes between shipowners and charterers can arise when additional mooring ropes are required by a port. It generally raises the question: “Who bears the cost?”

London Arbitration 19/01 describes a case where the charterer ordered the vessel to the port of Caleta Coloso in northern Chile. It was the port's requirement that vessels should use 14 mooring lines, each of 220 metres length. However, in accordance with design specification and classification society (“Class”) requirements, the vessel was only equipped with five mooring lines of 197 metres length each.

Accordingly, 14 mooring lines of the requisite length had to be hired to enable the vessel to berth. A dispute then arose as to whether the shipowner or charterer was liable for the cost of hiring the additional mooring lines.

Under the agreed Time Charterparty, the shipowner had agreed that the vessel would on delivery be “... in every way fitted for the service” and to “provide and pay for ... all necessary stores ... and keep the vessel in a thoroughly efficient state in hull, machinery and equipment ... for and during the service”.

## TRIBUNAL DECISION

In deciding the case, the London Arbitration Tribunal held:

- ▲ The provision of mooring ropes for a vessel was ordinarily a matter that clearly fell within the shipowner's sphere of responsibility under a Time Charterparty.
- ▲ The Class requirements were a minimum for trading, and took no account of the practical needs of ports such as Caleta Coloso and many others to which the vessel might legitimately have been ordered, where local wind, current or swell conditions called for securing arrangements of a higher level than the minimum Class requirements.

▲ Owners of commercial vessels plying their trade worldwide should reasonably anticipate such requirements

If the time charterparty had been agreed on New York Produce Exchange (“NYPE”) 15 wording:

*“The Vessel on delivery shall be ... in every way fit to be employed for the intended service”*

or NYPE 93 printed charter party form:

*“[at the time of its delivery, the ship is to be] ... in every way fitted for ordinary cargo service”*

...would the London Arbitration Tribunal have decided the case differently?

Almost certainly **NO** if the vessel had been fixed on a NYPE 15 charterparty form wording for a time charter trip and charterers had as part of the fixture negotiations informed owners as regards the vessel's “intended service”. And probably **NOT** if the vessel had been employed on a period time charter for worldwide trading; for exactly the same reasons as given by the Tribunal in London Arbitration 19/01.

Conversely, had the vessel been fixed on terms requiring the vessel to be fitted for “ordinary” cargo service, the answer would be less certain and would require a determination by the Tribunal of what was meant by the parties when they used the term “ordinary service”.

## MINIMISE THE RISK OF DISPUTES

So, how can shipowners minimise the scope for disputes?

One possibility is for the shipowner in the charterparty “Descriptions Clause” to declare the number of mooring ropes available to

charterers and their length. Whilst a charterer might still argue that the number of ropes on delivery were not sufficient for “ordinary cargo service” or “the intended service”, a tribunal is likely to be more sympathetic towards a shipowner who has as part of the fixture negotiations declared to the charterer what mooring ropes and of what length would be available. This will particularly be the case if on delivery of the ship into their service the charterer did not issue a protest declaring that the number of mooring ropes carried by the vessel – or their length – were insufficient for “ordinary cargo service” or “the intended service”.

## FIND OUT MORE

If Members have any queries relating to mooring ropes in charterparty clauses, we recommend they contact our **FD&D team**.

By Barry Ayliffe  
Senior Solicitor (FD&D)

# SANCTIONS: IMPORTANCE OF DUE DILIGENCE



By Peter Scott  
Senior Executive (Claims)

It is a shipowner's responsibility to carry out sufficient due diligence checks on new business to ensure compliance with sanctions.

North provides guidance on what constitutes a good, robust and sufficient compliance program.

It is a Member's responsibility to carry out sufficient due diligence checks to minimise the risks of an inadvertent sanctions violation. Members should be aware of the different sanctions programs which may apply, and also that other parties (including insurers) may fall within the jurisdiction of additional sanctions programs.

As is often the case in sanctions matters, it can be helpful to break an analysis into two parts. Firstly, there should be an investigation into the activity being contemplated which, for our Members will often be the cargo to be carried, and secondly an evaluation of the parties involved in the transaction.

The onus is on every company and individual to know the law and to conduct due diligence by checking the available information to ensure that the cargo being carried and the individuals/companies being traded with are not sanctioned, that the transaction is not otherwise prohibited, and that it would not constitute sanctionable activity.

It is very difficult to identify the extent of due diligence that is required, not least because it would depend upon the specific sanctions program with which the party is seeking to comply.

In terms of the steps required to establish whether a party is on a sanctions list, there is an expectation from the US authorities that the OFAC lists will be searched as a minimum, although that will not always be sufficient. The EU and OFAC lists can be searched using the links on our sanctions regimes page [www.nepia.com/insights/sanctions/sanctions-regimes](http://www.nepia.com/insights/sanctions/sanctions-regimes)

One of the biggest challenges in any sanctions check is to decide what steps, if any, should be taken to ensure that a company is not owned or controlled by a designated person and thus deemed to be sanctioned themselves, even when they do not appear expressly on the lists. There is no easy answer to this but it is suggested that a risk based approach may be appropriate. Sanctions compliance policies can also be used to record such items as the steps that will be taken to ensure that sanctions are complied with, how compliance is monitored, who has responsibility for ensuring sanctions compliance, the training to be provided to employees, and the different levels of due diligence to be completed in different situations.

Additional due diligence on prospective partners can include conducting corporate searches, appointing external lawyers to assist and obtaining reports from risk management providers. It is also possible to purchase software to check the sanctions status of individuals and companies and to monitor any changes.

Members should also be aware that it is not only partners who may be subject to sanctions. Other parties with which the ship or shipowner may interact with during the voyage - such as port agents, charterers, bunker suppliers and port authorities – could also be sanctioned.

## FIND OUT MORE

For more information, including a list of current sanctions regimes by country, visit our Insights area at [www.nepia.com/insights/sanctions](http://www.nepia.com/insights/sanctions)

North has a dedicated sanctions advice team who will be able to assist Members in relation to any sanctions queries and which can be contacted directly by Members at [sanctions.advice@nepia.com](mailto:sanctions.advice@nepia.com)



# GETTING THE RIGHT FIT FOR THE CAP: ASSESSING THE OPTIONS

2020

By Alvin Forster  
Deputy Director (Loss Prevention)

The reduction of the IMO MARPOL Annex VI global fuel sulphur cap to 0.5% will come into force on 1 January 2020. Shipowners have some very difficult and important decisions to make on how to comply with these stringent requirements.

Changes have long been driven by a combination of economics and environmental compliance. This is likely to remain true when considering the 2020 global sulphur cap. There are several options open to shipowners, with the majority currently opting for distillates, perhaps keeping one eye on the development of cheaper hybrid fuels, blends or compliant residual fuels. The choice will be driven by what is right for the vessel and what is economically viable.

## OPTIONS

There are several options available to a shipowner that will allow compliance with the 2020 global sulphur cap. There are pros and cons with each, mostly concerning fuel availability, on-board fuel management, capital and operational expenditure as well as maintenance requirements. It is not a simple choice and the decision on what method of compliance is best depends on a number of factors, such as vessel type, trading area and remaining service life.

The proportion of time spent within emission control areas (ECA) should be considered as well as the impact of changing over fuels when entering/leaving these areas. The 0.1% sulphur cap currently in operation within the ECAs will remain in force and it is possible that new ECAs may emerge in coming years.

For some vessels, the best solution might be multi-fuel, such as having the ability to burn LNG or distillates, depending on the availability of each. Another method may be to install an EGCS but also use hydrogen fuel cells where appropriate.

### COMPLIANCE OPTION 1: BURN DISTILLATES

Marine fuels are categorised as being either a distillate or a residual. Distillates are the lighter grade fuels from the refining process, the most common being marine gas oil (MGO/DMA) and marine diesel oil (MDO/DMB).

- | Pros  | Cons  |
|---|---|
| + No major modifications or capex (capital expenditure) needed - usually limited to minor system modification and tank cleaning | - Forecasted high cost – the difference in price between high sulphur residuals and compliant MGO is expected to increase significantly post-2020                         |
| + Relatively simple changeover process between 0.5% and 0.1% fuels when transiting ECAs   | - Concerns about refineries' abilities to meet demand in 2020   |
| + Reduced engine maintenance demands and reduced risk of engine failure   | - Potential problems with low temperature flow characteristics of some distillates  |
|   | - Over-rating of vessel steam generation capacity as there will be no longer any need to heat fuel – possibly leading to vessels having to dump steam due to no heat sink |

### COMPLIANCE OPTION 2: BURN HYBRIDS OR BLENDS

A number of producers have developed or are developing compliant products which are heavier than MGO and MDO but lighter than the residual fuel oils that are currently used. Some are specially-produced products and are commonly referred to as 'hybrid' fuels. Other products are the result of blending, producing a heavy distillate or light residual blend.

It may be possible that a 0.5%S residual fuel (e.g. 380cst) could be produced from either refining sweet crudes or from sour crudes undergoing a desulphurization process. But there are currently no plans to make this widely available as a marine fuel.

- | Pros  | Cons  |
|---|---|
| + No major modifications or capex needed - usually limited to minor system modification and tank cleaning | - Concerns about refineries' abilities to meet demand in 2020   |
| + Expected to be cheaper than distillate fuels  | - Uncertain supply can lead to price volatility   |
|   | - Heavier fuels may contain cat fines   |
|   | - Some fuels may require onboard treatment, such as centrifugal separation, viscosity control and heating |
|   | - Some products fall outside the specified grades in ISO 8217   |
|   | - Higher risk of incompatibility if using different blends or hybrids                                     |

### COMPLIANCE OPTION 3: INSTALL EGCS

Exhaust Gas Cleaning Systems (EGCS) are commonly referred to as scrubbers. These systems effectively wash the exhaust gas to remove sulphur dioxides and particulate matter. Post-2020, vessels operating an EGCS can continue to legally burn fuels with a sulphur content of greater than 0.5%.

Systems are categorised as open loop, closed loop or hybrid.

Open loop systems: Water is taken from the sea and pumped into the scrubber wash tower. The natural alkalinity of seawater neutralises the acids in the wastewater effluent.

Closed loop systems: Recirculated seawater or freshwater is treated with an alkaline chemical before entering the wash tower to scrub the exhaust gases. A small amount of the wash water is bled-off to a treatment plant before discharge to sea, or they can be run in 'zero discharge' mode where the effluent is held in a tank.

Hybrid systems: Hybrid systems can operate in either open or closed loop mode. Depending on design, they may operate with either freshwater or seawater when in closed loop mode.

- | Pros   | Cons   |
|--|--|
| + Capex typically US\$3-5m with payback period expected to be reasonably short                       | - Systems and equipment take up a lot of space   |
| + Expected low fuel costs – some market analysts have forecast high sulphur fuels to plummet in 2020 | - High power demands resulting in around a 3-5% increase in fuel consumption   |
| + The lower fuel costs may make the vessel more attractive to time charterers                        | - Concerns about maintenance demands and reliability which could result in periods of non-compliance                               |
|  | - The long term viability of EGCS could be impacted by any future legislation on wastewater effluent discharge standards           |
|  | - The availability of high sulphur fuels post-2020 is unknown and some refineries could divert streams elsewhere if not profitable |
|  | - The time required to retrofit EGCS on an existing vessels could take several weeks and require the vessel to be out of service   |

### COMPLIANCE OPTION 4: BURN LNG

One of the main drivers for shipowners to turn to LNG as a marine fuel is that it emits zero SOx and virtually zero particulate matter.

LNG is natural gas - predominantly methane (CH<sub>4</sub>) - in liquid form. Exact composition depends on source and generally contains a mix of heavier hydrocarbons (such as butane and ethane) with some contaminants such as CO<sub>2</sub>, water and nitrogen.

To make storage and handling manageable, it is condensed into a liquid at close to atmospheric pressure by cooling it to approx. -162°C.

- | Pros  | Cons  |
|---|---|
| + Generally regarded as a very clean fuel and may be more resilient to any future changes in environmental legislation than the alternatives. | - Relatively high capex (upgrade to gas or dual-fuel engines and storage and handling system) with expected long payback period |
| + Lower fuel costs  | - Limited infrastructure of LNG supply therefore restricting worldwide trading  |
| + Green credentials   | - Bunkering challenges – higher risk operation and strictly controlled  |
|   | - High delivery costs push up the real cost of fuel   |
|   | - Lower energy density compared with traditional marine fuels – therefore more volume needed                                    |
|   | - The global warming potential (GWP) of methane is significantly higher than CO <sub>2</sub>                                    |
|   | - Large tanks and restrictions on their position can result in loss of cargo carrying capacity                                  |
|   | - Crew will require additional training in bunkering, storing and managing LNG  |

### COMPLIANCE OPTION 5: USE OTHER ALTERNATIVE ENERGY SOURCES

There are a number of alternative fuels or energy sources that are either available or currently in development. It is understood the take-up of these options is low and where they have been adopted, they are one of several modes used on board – pieces of the multi-fuel jigsaw.

#### These include:

Methanol (CH<sub>3</sub>OH): Easy to manage and store but main challenges are its low flash point and relatively poor energy density.

Hydrogen fuel cells: Fuel cell systems use an electro-chemical reaction to generate electricity. Strong green credentials but there are concerns on their high cost, size and weight and expected life.

Liquefied Petroleum Gas (LPG): Composition can vary but consists mainly of propane, butane and propylene. Similar positives and challenges to that of LNG as a marine fuel.

Batteries: A low-maintenance (and arguably low-carbon) solution is battery power but the current technology does not meet the needs of an ocean-going vessel. When the technological breakthrough on batteries happens, could this be the game-changer?

# IMPACT ON CHARTERPARTIES – TIME TO ACT NOW

The challenges introduced by the global sulphur cap are not exclusively technical. The new limits are likely to impact contracts and charterparties. Forward planning now could help to avoid painful disputes in the future.

Time charterparties will require particularly close attention, with more challenges anticipated for vessels already in long-term charterparties that span the enforcement date of 1 January 2020.

Unfortunately, there is no single “magic” charterparty clause to deal with all of the issues that might arise. All bunker clauses will almost certainly need to be reviewed but other clauses might also need to be considered, depending upon the chosen method of compliance.

Below, we look at some of the issues that we anticipate will more commonly arise.

## CARRIAGE OF NON-COMPLIANT FUEL

It is likely that a prohibition on the carriage of non-compliant fuels will come into force on 1 March 2020 for vessels not fitted with Exhaust Gas Cleaning Systems (“EGCS” or “scrubbers”). Non-compliant fuels will have to be removed to avoid fines or the vessel being detained. Assuming such fuel is not consumed before 01.01.2020, who is obliged to arrange or pay for the removal of such fuel will depend upon the wording of the charterparty, so it will be important for this to be considered at the drafting stage.

There may be significant logistical difficulties in removing non-compliant fuel and it is likely that the re-sale value will be less than the original purchase price. Issues might also arise over who owns the non-compliant fuel and who therefore has the right to remove it.

## DEFINITION OF ‘HIGH SULPHUR’ AND ‘LOW SULPHUR’

At the moment, vessels burn either ‘low sulphur’ (0.1%S max) fuel in ECAs or ‘high sulphur’ (3.5%S max) fuel outside ECAs. In 2020, there will be three sulphur types (<0.1%S, <0.5%S and >0.5%S). This raises the question: what will ‘low sulphur’ mean in 2020? Will it be <0.1% or <0.5%?

It is therefore advisable to move away from the use of terms such as ‘high’ and ‘low’ sulphur but instead to specify the exact sulphur limit of fuel e.g. <0.5% sulphur content; <0.1% sulphur content etc.

## BUNKERS ON REDELIVERY (“BOR”)

When a vessel is redelivered by a time charterer, the charterparty usually requires that the vessel is redelivered with approximately the same quantities of ‘high sulphur’ and ‘low sulphur’ fuel as on board at delivery. The owner will usually be required to buy this fuel back at a certain price (often the same price as at delivery).

‘High sulphur’ fuel bought from the charterer at redelivery will have little value to the owner unless the vessel is fitted with scrubbers. BOR requirements in the charterparty might mean that the charterer can redeliver the vessel with insufficient compliant fuel on board to reach a bunker port. Therefore, Owners might want to ensure that BOR clauses are adjusted accordingly.

## BUNKER QUALITY CLAUSE

Some bunker quality clauses require the charterer to provide fuel that complies with the international quality standard ISO 8217. However, not all fuels are covered by ISO 8217 (e.g. hybrids) so the bunker quality clause might need to be amended to ensure that the charterer is obliged to provide fuel of the correct specification, which is safe and suitable for the vessel, and in compliance with MARPOL and any other relevant regulations.

## FUEL AVAILABILITY

Although it is anticipated that there will be enough compliant fuel available to meet demand, it may be geographically fragmented. So a vessel might trade in areas where compliant fuel cannot be supplied or even be unable to trade in such areas, such that trading limit clauses might need to be reviewed. The same is likely to be true for new hybrids/blends, and LNG is already known to have limited availability.

## BUNKER TANK CLEANING

Bunker tank cleaning will be needed if switching from heavy fuels to hybrid/blends/distillates. Tank cleaning might also be needed before switching between different products, depending upon the advice given by the relevant fuel provider. Cleaning products will be needed, waste will need to be disposed of and time might be lost during

the cleaning. Responsibility for all of this will depend upon the charterparty wording.

## PERFORMANCE WARRANTIES

Different fuels have different calorific values and energy densities. The performance of the vessel could be affected by any of the chosen compliance methods so the performance warranties might need to be amended. Owners should check with engine manufacturers.

## COSTS OF INSTALLING AN EGCS

It is unlikely that existing charterparties will expressly say who is to pay for a vessel to have an EGCS installed. If the charterer is likely to benefit in fuel cost savings then there may be scope for a commercial agreement as to who will pay.

## CAN OWNERS BE COMPELLED TO INSTALL AN EGCS?

The Court of Appeal considered this type of issue in the *Elli* and the *Frixos* [2008] 2 Lloyd’s Rep. 119. In 2005, new MARPOL regulations came into force, which made it unlawful for any ship to carry fuel oil as cargo unless it was either double-hulled or double-sided. Expensive modifications would be required to the ships in question to allow them to comply with the new regulations. The Court found that the owners were in

breach of certain clauses in the particular charterparties for not having carried out the necessary modifications, namely, a warranty relating to compliance with MARPOL and a clause requiring the vessel to have on board documents required by any applicable law to allow the vessels to trade.

Installation of an EGCS is only one option for compliance and, as things currently stand, it will be possible to meet the new sulphur requirements without installing an EGCS. Therefore, the absence of an EGCS on a vessel will not necessarily put the vessel or its owner in breach of MARPOL or impact on the vessel’s documentation. Hence it seems likely that the *Elli* and the *Frixos* will not apply but it will depend on the facts of the individual case.

## FINES FOR NON-COMPLIANCE

In the first instance, the owner will be responsible for paying any incurred penalties but they might be entitled to be indemnified by the charterer depending upon the charterparty terms. It might be less clear who will be responsible for lost time and costs if the vessel is detained by port state control.

## LOOKING AHEAD

Early consideration of the above issues will be key to avoiding future headaches. The solutions will not be the same in every case and will be best considered in the context of the trade that the vessel is going to perform.

Additional issues could arise as technologies develop and as we get an idea about availability of compliant fuels etc, which might necessitate further review of charterparties from time to time.

## FIND OUT MORE

Whether you are an owner or a charterer, North’s FD&D department can help you to get your charterparties in shape for this new era of shipping. Visit [www.nepia.com/our-services/fdd-claims/our-fdd-team/](http://www.nepia.com/our-services/fdd-claims/our-fdd-team/)

By Tiejha Smyth  
Deputy Director (FD&D)

# EGCS: DO THEY SCRUB UP WELL?

2020

Choosing the best option to comply with the sulphur cap will be a gamble. The economic success of a shipowner's choice depends heavily on future fuel prices in 2020 and beyond.

By Alvin Forster  
Deputy Director (Loss Prevention)

If the price difference between high sulphur residual fuels and 0.5%S distillates reaches \$400 per tonne in 2020, as predicted by some market analysts, then installing exhaust gas cleaning systems (EGCS) looks like a very attractive option.

Much has been said and written about EGCS – commonly referred to as 'scrubbers' – and whether it is an environmentally sound solution. Is putting the SO<sub>x</sub> into the sea any better than releasing it into the atmosphere?

The public perception of the "greenness" of scrubbers may well be different to the reality. To help us decide on what is myth and what is fact, North asked Don Gregory and Mark West of the Exhaust Gas Cleaning System Association (EGCSA) to take part in a short Q&A.

The following are the opinions of the EGCSA and do not necessarily reflect the views of North.

**Q.** Doesn't an EGCS merely move the pollution from the air into the sea?

**A.** This is a common misconception – scrubber wash water removes and converts sulphur oxides from the exhaust gases so they are discharged in the wash water as harmless sulphate. After sodium and chloride, sulphate is the most common ion in seawater. Even if all of the sulphur in all of the world's petroleum reserves were to be scrubbed, the increase in ocean sulphate would be infinitesimally small. Scrubber wash water discharges are also continuously monitored and subject to strict discharge limits. Various studies have concluded that any reduction in pH from scrubbing, will be insignificant when compared with that resulting from increasing atmospheric CO<sub>2</sub> absorbed by the oceans.

Also, open loop scrubbing has been used for years by coastal power stations and by oil tanker inert gas (IG) systems when in port without environmental issues.

Taking the holistic view, scrubbing enables the use of residual fuel to continue, which means the energy needed for producing distillate fuel and resulting CO<sub>2</sub> emissions can be greatly reduced.

**Q.** What about the numerous anecdotes about EGCS being unreliable and requiring a lot of maintenance?

**A.** This may have been the case some years ago before exhaust gas cleaning became widespread. However, scrubbing is an established technology. There have been some reports of pipe failures due to using incorrect materials or incorrect coatings. The key to successful EGCS is extremely professional project management and high quality installation teams. EGCS are designed for the life of the ship.

**Q.** Can we expect laws – international, regional or domestic – that will eventually control or ban the discharge of EGCS effluent (particularly in confined waters and ports)?

**A.** IMO already requires that the wash water parameters of pH, polycyclic aromatic hydrocarbons (PAH) and turbidity are continuously monitored and the results logged against time and ship's position.

There are a few ports that have prohibited the use of open loop scrubbers in their waters. But there is no evidence to justify the prohibition. There are many examples of land based scrubbers operating for decades without measurable impact on sediments or the surrounding waters. It is very much an emotional reaction.

**Q.** Are you confident that refineries will continue to produce cheap high sulphur residual fuels post-2020?

**A.** Yes - there is no doubt that refiners are worried about the disposal of residues come late 2019 with the switch to 0.5%S fuel. The worst case scenario is the high sulphur fuel falls below the price of coal.

**Q.** If using closed-loop and hybrid scrubber systems, what happens with the chemical waste? Is it disposed in an environmentally sound manner?

**A.** The scrubber guidelines require that waste generated by closed loop EGCS is delivered to shoreside reception facilities. It cannot be discharged to the sea or incinerated onboard.

**Q.** If the EGCS malfunctions in service, is the vessel in breach of MARPOL Annex VI?

**A.** The key advice that EGCSA has received is that ship operators should be open and advise flag and coastal/port state without delay of the issue and remedial action that is being taken. In the event of a problem preventing system operation, the ship would not be considered as being in immediate breach of the regulations because non-compliance would be unintentional and the provisions of regulation 3.1.2 of MARPOL Annex VI would apply.

If EGCS operation is not possible, the ship is advised to change over to compliant fuel. However, if there is no compliant fuel on board, the ship should be allowed to complete the current leg of its voyage without deviation and then carry out repair works or bunker compliant fuel.

**Q.** Is it too late to order and install an EGCS on a vessel before 2020?

**A.** It is understood that most of the EGCSA members cannot now deliver until after 2020. There are some bottlenecks such as availability of laser measurement surveyors and experienced installation teams. However, we understand one particular yard in Korea has recently quoted 19 days for complete installation. As things stand, high alloy steels required for manufacture are still available in sufficient quantities.

# NORTH PUBLISHES NEW LOSS PREVENTION GUIDE ON MARINE FUELS

2020

Quantity and quality issues regarding the supply of marine fuels, along with increasingly stringent environmental regulation, have led to complex, costly and lengthy claims and legal disputes. To help Members tackle these issues, North has published a new loss prevention guide.

**Marine Fuels: Preventing Claims and Disputes** provides helpful advice on how marine fuel claims and disputes can be avoided. Just as importantly, it also provides guidance on how to have the best chance of success when pursuing or defending a claim.

This new guide will assist seagoing officers, vessel operators, vessel managers and time charterers in understanding what can go wrong when purchasing, bunkering and using marine fuels and what steps can be taken to prevent them and mitigate their impact.

It explores the subject of marine fuels, from the production and refining process all the way to burning in the vessel's engines. The nature and characteristics of marine fuels is discussed along with purchasing, contractual obligations, loading, handling, sampling and testing. The guide finishes by looking at claims management and the all-important collection of evidence.

Marine Fuels: Preventing Claims and Disputes builds on an earlier publication, the highly successful Bunker Claims Prevention: A Guide to Good Practice written by North's Richard Bracken and Mike Salthouse with fuel expert Chris Fisher.

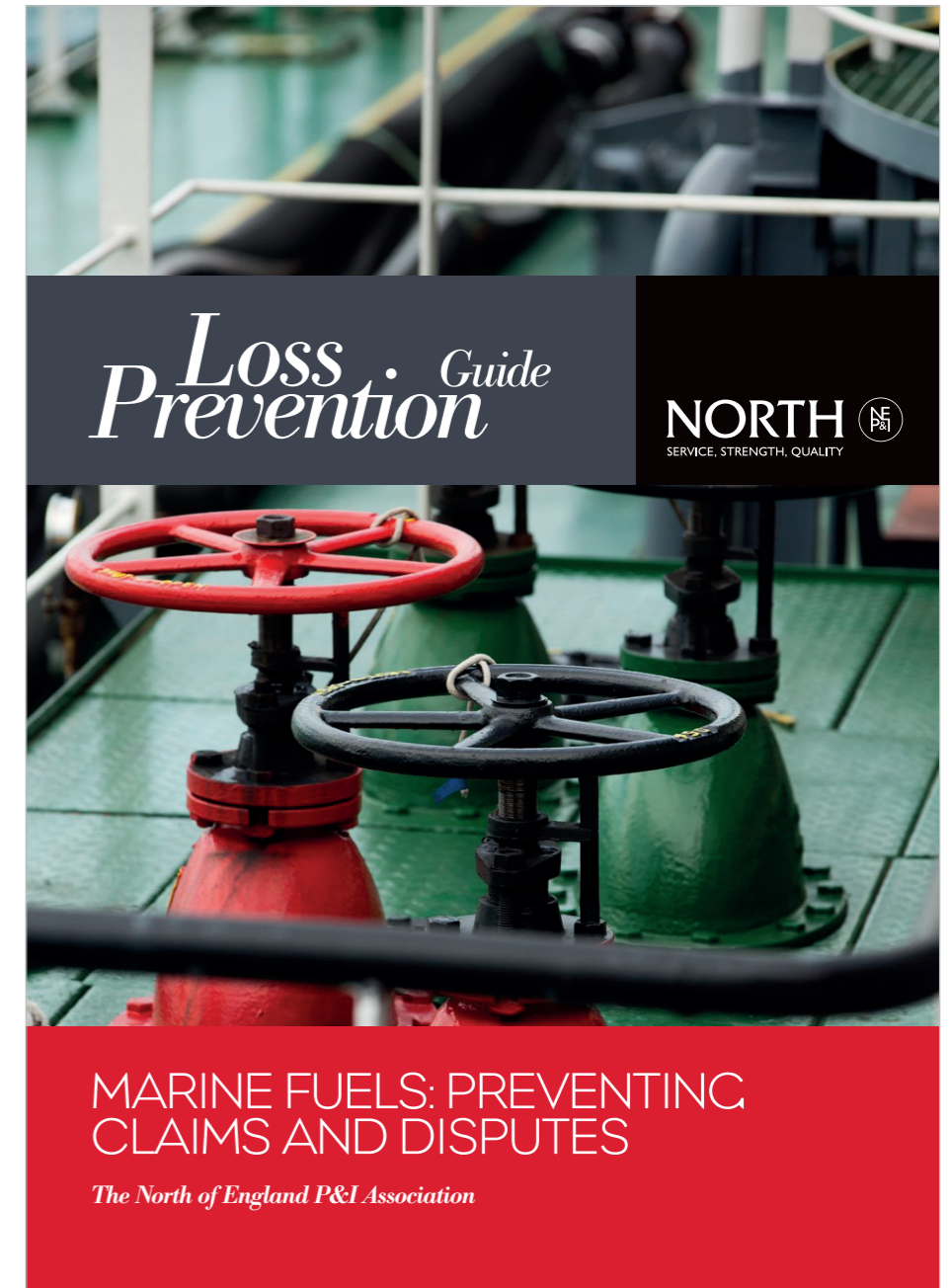
The new guide reinforces North's long-held and oft-repeated 'golden rule' on resolving bunker quality and quantity disputes:

"The success of any bunker quality or quantity dispute will depend upon the quality of evidence collected in support of the claim."

Quite simply, the party with the strongest evidence to support their claim is more likely to succeed. The new guide outlines the evidence needed to successfully pursue or defend that claim.

Perhaps more importantly, this guide also rests on the belief that 'prevention is better than cure' and it will hopefully help to avoid or minimise claims altogether.

By Alvin Forster  
Deputy Director (Loss Prevention)



## FIND OUT MORE

North Members and vessels on risk with North will receive a complimentary copy of the guide. Members should contact North if they require further copies of the guide which will be available at a discounted rate. *The guide will be available on Amazon to non-Members at a later date.*



# STOWAWAYS CHANGE TACK TO REACH UK



There has been a notable change in stowaway trends over the last 18 months, with an increase in activity around a number of European ports.

Stowaway specialists Robmarine have reported significant numbers of Albanian nationals close to the ports of Bilbao and Santander in Spain. It is alleged that people traffickers are active in this region and it was initially believed that the vast majority of these Albanian nationals were targeting ferry operators. However, in recent months cargo vessels have been targeted.

The recently completed security perimeter around the vehicle waiting area outside of the Bilbao Ferry Port has seen a reduction in the number of stowaways found on ferries. However, the success of this security measure has driven the would-be stowaways to target Bilbao's commercial port with stowaways now being discovered, usually in groups, on board both container and general cargo vessels heading for UK ports including Liverpool, Bristol, Portsmouth, Southampton, Great Yarmouth and Newcastle.

## DESTINATION UK

The changes in stowaway activity can be partly explained by the closure of a large refugee camp located outside of Calais in November 2016. Large numbers of immigrants dispersed, mainly into the Netherlands, Belgium and Northern Spain. Nationals from Ethiopia, Iraq, Syria and Albania have also been discovered on board UK-bound vessels departing northern French ports, Zeebrugge and the Hook of Holland.

## ACTION WHEN STOWAWAY IS FOUND

If a stowaway is discovered on board a vessel, it is very important that the local authorities at the next port are notified of their presence prior to arrival. In the UK, after being alerted to a stowaway incident, Border Force (UKBF) officials will attend on board upon arrival to complete immigration formalities.

It is strongly recommended that any stowaway discovered on board is held in a secure cabin and thorough searches are carried out for any possessions or identification documents so that these may be presented to the authorities.

Members should be aware that under section 40 of the UK Immigration & Asylum Act 1999, a penalty of £2,000 per stowaway applies. This penalty is imposed on any vessel carrying an individual without the correct passport or visa documentation into the UK. Defence against this fine can be lodged within a 30 day period and in order to mitigate the penalty it is essential that the vessel is able to evidence that adequate security measures are in place on board. Evidence that thorough stowaway searches were carried from previous ports should also be presented.

## PREVENTING STOWAWAYS

Extra vigilance is required, not only in those ports mentioned above, but also in other areas considered stowaway hotspots. This is especially relevant in summer months – a period which historically has shown a rise in stowaway activity.

Access to the vessel should be tightly controlled. Key considerations include how access to the vessel can be gained, for example using mooring ropes and cargo equipment, as well as by accommodation ladders, gangways and ramps. Constant watches should be maintained whilst vessels are in port and additional security measures should be taken where necessary, such as additional lighting.

Preventing stowaways boarding with cargo, especially in containers, is a particular problem that requires the co-operation of the port, the terminal operator and in some cases the charterer. The ship's crew can also take precautions such as checking container

seals are intact and paying special attention to empty, open-top or open-sided containers.

As a final precaution, and to supplement the measures taken under the Ship Security Plan, a thorough and systematic stowaway search should be carried out before the ship sails.

## FIND OUT MORE

Further information on preventing stowaways can be found in our loss prevention briefing.  
[www.nepia.com/media/869027/Stowaways-Feb-2015-LP-Briefing.PDF](http://www.nepia.com/media/869027/Stowaways-Feb-2015-LP-Briefing.PDF)

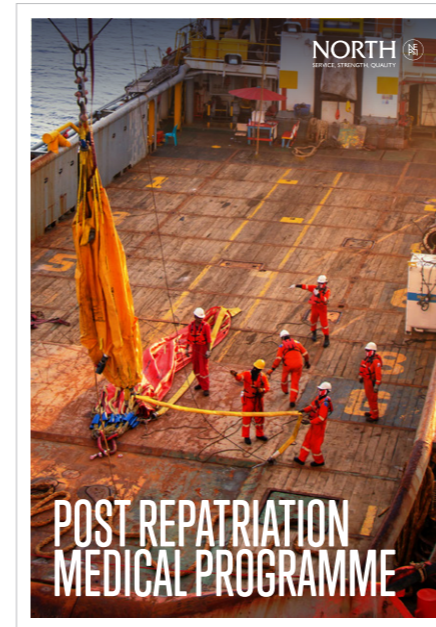
For further information from Stowaway specialists Robmarine visit  
[www.robmarine.com](http://www.robmarine.com)

By Lucy Dreyer  
Senior Executive (Claims)

# BENEFITS OF POST REPATRIATION MEDICAL CARE



Providing effective medical care for seafarers after repatriation has many benefits. High quality treatment and close medical management of the treatment plan will help get the seafarer back to good health, and hopefully back to the ship, within a reasonable time.



North introduced its Post Repatriation Medical Programme (PRM) in the Philippines during 2013. Working closely with the post-repatriation doctors ensures that a suitable and effective medical plan is put in place for a Filipino seafarer repatriated as a result of a work related illness or injury. Following the repatriation, the seafarer can be promptly referred to one of the Post Repatriation Medical facilities for examination. This ensures the seafarer receives the appropriate treatment at a good quality medical facility and that the Member satisfies its contractual obligations.

## PROMPT NOTIFICATION

The PRM programme works best when North is notified of an illness or injury incident before the repatriation of a seafarer. This allows North to liaise with the medical facility and arrange for the seafarer to be referred there or collected at the airport in the Philippines.

This practice will ensure that swift and focused care is provided to the seafarer without delays or misinterpretation. In many instances it is beneficial for the PRM doctors to speak directly with the overseas doctor in order to coordinate care for the best possible outcome.

## FIND OUT MORE

Further guidance on our Post Repatriation Medical Programme, which includes full details of our two recommended facilities, Ship to Shore Medical Assist and Shiphealth Inc, can be found on our website.  
[www.nepia.com/media/912256/North-Post-Repatriation-Medical-Programme-singles-May-2018.pdf](http://www.nepia.com/media/912256/North-Post-Repatriation-Medical-Programme-singles-May-2018.pdf)

By Lucy Dreyer  
Senior Executive (Claims)

# REMOTE DIAGNOSIS - USING TELEMEDICINE SERVICES

Telemedicine is the remote diagnosis and treatment of patients via telecommunications technologies such as phone or video messaging. In this way, clinical health care can be provided from a distance.

## PROS AND CONS

Telemedicine clearly has its advantages in urgent situations at sea where quick decisions are required to ensure accurate and timely care. There is also an advantage to using such technologies ashore - in remote ports it can be problematic and expensive to make long journeys to a large city and it could be argued that most treatment can be discussed and advised upon via remote means.

Furthermore, recent developments in mobile collaboration technology allow healthcare professionals in multiple locations to share information and discuss patient issues as if they were in the same place. Remote patient monitoring through mobile technology can reduce the need for outpatient visits and enable remote prescription verification and drug administration oversight, potentially

significantly reducing the overall cost of medical care. This is especially useful if the patient is being treated for an infectious condition, effectively keeping the patient in self-imposed quarantine.

The downsides of telemedicine include the high set-up costs for data management equipment and training of medical personnel in the technical aspects of using such equipment. Virtual medical treatment also decreases human interaction between medical professionals and patients, potentially introducing an increased risk of error in diagnosis.

It has been argued that telemedicine may actually slow down the process of diagnosis and treatment. The increase in time spent deciphering badly transmitted images or poorly written progress reports could have an adverse impact on efficiency and even result in misinterpretation of results. Other obstacles include unclear legal regulation for some tele-medical practices and difficulty claiming reimbursement from the insurers of government programs in some fields.

Modern telemedicine also runs the risk of private and confidential data or information being compromised. Data breaches and cybercrime are a topical and recurring issue in today's interconnected society.

## TRADITIONAL SERVICES

Presently, services that provide traditional radio medical advice to ships, such as Centro Internazionale Radio Medico (C.I.R.M), tend to err on the side of caution. For example, rather than allow a grumbling stomach ache to continue, they are perhaps likely to recommend immediate medical care in case the grumble is actually appendicitis. While this is undoubtedly disruptive to the ship's schedule, it does save lives and it is a brave Master or shipowner who would ignore the more cautious approach.

It is recommended that the first point of contact is the radio medical company usually used for medical emergencies. If a specialised telemedicine provider is also available then there will be the benefit of two sources of advice for reassurance.

By Abbie Rudd  
Senior Executive (Claims)



# WATCH OUT FOR INSERTED CHARTERPARTY CLAUSES

The responsibilities of the shipowner and the charterer in an unamended time charterparty such as the NYPE form are clearly stated and understood.

From time to time, however, charterers try to slip words into the charterparty (sometimes in clauses which might not deal primarily or exclusively with cargo operations) to transfer responsibility for cargo operations onto the shipowner.

## SUPERVISION AND RESPONSIBILITY

An unamended NYPE form provides that cargo handling (loading, stowage, lashing, discharge and storage) is the charterer's sole responsibility. The Master supervises the cargo operations but only to the extent of ensuring the safety of the vessel and its crew. Sometimes the charterer seeks greater involvement of the Master in cargo operations and will ask that the charterparty is amended so that the operations are under the supervision "and responsibility" of the Master. The Master then shares responsibility for the safety of the cargo during cargo operations as well as retaining the right to object if the vessel is endangered by the charterer.

## ICA APPORTIONMENT OF LIABILITY

To avoid expensive legal arguments between shipowners and charterers, many charterparties incorporate the Inter-Club Agreement (ICA) which provides a 'quick and easy' apportionment of liability for cargo damage. Where the charterparty is unamended, the ICA apportions all liability arising out of cargo operations to the charterer but where the words "and responsibility" are added to the charterparty, liability is apportioned 50:50 between the shipowner and the charterer.

## SNEAKING IN A CLAUSE

The ICA also states that liability will be apportioned 50:50 if there is "a similar amendment making the Master responsible for cargo handling". Amendment of the cargo responsibility clauses can be made by wording anywhere in the charterparty and some charterers try to insert words into other parts of the charterparty, hoping the shipowner or his broker do not notice. The charterer's aim is to make the Master responsible for cargo handling so that the 50:50 apportionment will apply. A recent judgment has indicated that these attempts are likely to fail unless the words used are clear and make the Master fully responsible all for cargo operations. In the case, the main clause referred only to the Master's supervision but one of the rider clauses provided in part that the Master "will be responsible for proper stowage and unseaworthiness and safety of the vessel".

The court held that this attempt to make the Master responsible for part of the cargo operations was not in keeping with the intention of the ICA. In order to be a "similar amendment", the whole of the responsibility for cargo operations had to be clearly transferred to the Master.

This defeat is unlikely to stop charterers trying to introduce terms into charterparties to attempt to shift more responsibility for cargo operations onto the Master and shipowner. The recent judgment does provide some protection for shipowners, but they should always remain aware of the risks.

By Peter Scott  
Senior Executive (Claims)

# THE CARRIAGE OF STEEL CARGOES - A NEW LOSS PREVENTION BRIEFING.

A range of problems can arise when transporting steel cargoes by sea. The more common issues can be broadly categorised as mechanical damage or rust-related problems and in many cases the damage occurs before it is even loaded onto the carrying vessel.

To assist Members and raise awareness of these issues, North has published a new loss prevention briefing on the carriage of steel cargoes.

The briefing reviews the importance of assessing the pre-shipment condition of the cargo. Many steel cargo claims relate to damage and rusting that has occurred prior to loading onto the vessel. If the pre-shipment condition is not properly assessed and recorded at the time of loading and clean bills of lading are issued, this can lead to an assumption that any damage noted at discharge would have occurred on the vessel. Cargo owners might then successfully bring a claim that their cargo was damaged whilst on board the vessel.

This highlights the value of pre-load surveys for steel cargoes in order to ensure the pre-shipment condition is properly recorded. The new Loss Prevention briefing outlines North's policy on which cargoes could potentially require a pre-load survey.

Common issues that can result in damage to the cargo include poor handling, substandard stowage and securing, water ingress into the hold and improper hold ventilation. The briefing provides advice on these matters to minimise the risk of cargo damage.

The briefing further advises on charter party aspects, particularly those that relate to the stowage and securing of the cargo, complying with maximum tank top strengths and adherence to the cargo securing manual.

## FIND OUT MORE

Further information on Carriage of steel cargoes can be found in our loss prevention briefing.  
[www.nepia.com/media/913964/Carriage-of-Steel-Cargoes-LP-Briefing.pdf](http://www.nepia.com/media/913964/Carriage-of-Steel-Cargoes-LP-Briefing.pdf)

By John Southam  
Loss Prevention Executive

# NORTH IN THE NEWS

You may have missed...

## CYBER SECURITY - CONTINGENCY PLANS, JULY 2018

Director of Claims, Adrian Durkin's views on cyber security, a growing issue in the shipping industry, can be read in the July issue of Safety at Sea.

## POSIDONIA 2018: HELLENIC SHIPPING NEWS WORLDWIDE TV INTERVIEWS NORTH P&I CLUB, JUNE 2018

An interview with Gordon Robertson, Deputy Director (Claims) Greece, about the international decrease in major pollution claims.

[www.hellenicshippingnews.com/posidonia-2018-hellenic-shipping-news-worldwide-tv-interviews-north-pi-club/](http://www.hellenicshippingnews.com/posidonia-2018-hellenic-shipping-news-worldwide-tv-interviews-north-pi-club/)

## NEWCASTLE MARINE INSURER REPORTS IMPRESSIVE GROWTH, JUNE 2018

Paul Jennings, CEO, comments on North's successful year.

[necconnected.co.uk/newcastle-marine-insurer-reports-impressive-growth/](http://necconnected.co.uk/newcastle-marine-insurer-reports-impressive-growth/)

## CYBER RISKS: INSURANCE COVER AND CYBER PREPAREDNESS, JUNE 2018

North's Colin Gillespie, Director (Loss Prevention), spoke about the risk of cyber-attacks for shipping companies at the recent SAFETY4SEA Cyber Masterclass. You can read a summary of Colin's presentation on the SAFETY4SEA website: [safety4sea.com/cm-cyber-risks-insurance-cover-and-cyber-preparedness/](http://safety4sea.com/cm-cyber-risks-insurance-cover-and-cyber-preparedness/)



Women in Maritime, Kath Birchall

## WOMEN IN MARITIME - MAKING THEIR MARK, MAY 2018

Katherine Birchall, Global Director FD&D was profiled by Fairplay as part of their Women in Maritime special feature. Katherine's interview can be read on the Fairplay website: [fairplay.ihs.com/commerce/article/4301596/women-in-shipping-katherine-birchall-global-director-fdd-north-pi-club](http://fairplay.ihs.com/commerce/article/4301596/women-in-shipping-katherine-birchall-global-director-fdd-north-pi-club)

## SULPHUR CAP RISKS PAINFUL CHARTERPARTY DISPUTES, MAY 2018

Tiejha Smyth, Deputy Director of FD&D, spoke to Fairplay about potential charterparty issues that could arise due to the 2020 sulphur cap.

[fairplay.ihs.com/safety-regulation/article/4301496/sulphur-cap-risks-painful-charterparty-disputes](http://fairplay.ihs.com/safety-regulation/article/4301496/sulphur-cap-risks-painful-charterparty-disputes)

## MOST PIRATE ATTACKS DON'T HAVE HOLLYWOOD ENDINGS

An opinion piece in the Maritime Executive by Mike Salthouse, Deputy Global Director (Claims) on the reality of piracy and trends in recent years.

[www.maritime-executive.com/editorials/most-pirate-attacks-don-t-have-hollywood-endings#gs.MEVnfc](http://www.maritime-executive.com/editorials/most-pirate-attacks-don-t-have-hollywood-endings#gs.MEVnfc)

## NORTH P&I'S ANCHOR MAN, MAY 2018

North East Times interview Paul Jennings, CEO, about North's commitment to the North East, and its future.

[netimesmagazine.co.uk/editorial/north-pis-anchor-man/](http://netimesmagazine.co.uk/editorial/north-pis-anchor-man/)

## SAFETY CULTURE AND SEAFARER STANDARDS ARE CLOSELY LINKED, APRIL 2018

Colin Gillespie, Director (Loss Prevention) discusses the challenges to the shipping industry from a loss prevention perspective.

[www.infomarine.net/maritime-news/137-green4sea/110297-safety-culture-and-seafarer-standards-are-closely-linked.html](http://www.infomarine.net/maritime-news/137-green4sea/110297-safety-culture-and-seafarer-standards-are-closely-linked.html)



# NORTH'S RESIDENTIAL TRAINING CONTINUES ITS SUCCESS



North's 26<sup>th</sup> UK Residential Training Course in P&I Insurance and Loss Prevention took place at the stunning venue of Lumley Castle in the North East from Monday 11<sup>th</sup> to 15<sup>th</sup> June 2018. Once again it has been heralded as a great success by the 40 plus delegates attending from many sectors of the maritime industry. Throughout the event the delegates enjoyed a valuable mix of traditional and interactive training and networking experiences.

Details of the 2019 course will be released shortly. The available places tend to sell out very quickly so book soon to avoid disappointment.

## FIND OUT MORE

For more information visit  
[www.nepia.com/RTC](http://www.nepia.com/RTC)



# OUR OFFICES

## UK

100 The Quayside  
Newcastle upon Tyne  
NE1 3DU  
UK  
Telephone: +44 191 2325221  
Facsimile: +44 191 2610540

## GREECE

5-7 Aghiou Nikolaou  
GR 185 37  
Piraeus  
Greece  
Telephone: +30 210 4283038  
Facsimile: +30 210 4280920  
Email: Piraeus@nepia.com

## JAPAN

Shinkyobashi Building  
6th Floor  
2-8-8 Kyobashi  
Chuo-ku  
Tokyo  
Japan  
104-0031  
Telephone: +81 3 5159 5373  
Facsimile: +81 3 5250 0003  
Email: TokyoOffice@nepia.com

## SINGAPORE

80 Anson Road  
26-03 Fuji Xerox Towers  
Singapore  
079907  
Telephone: +65 641 10160  
Facsimile: +65 622 40160  
Email: SingaporeOffice@nepia.com

## HONG KONG

Room 3011  
COSCO Tower  
183 Queen's Road Central  
Hong Kong  
Telephone: +852 2544 6813  
Facsimile: +852 2542 4424  
Email: HongKongOffice@nepia.com

## NORTH OF ENGLAND MARINE CONSULTANTS (SHANGHAI) LTD CO.

Room 302, Building 7,  
18 Gongping Road,  
Hongkou District,  
Shanghai, 200082  
Telephone: +86 21 6087 5988  
Facsimile: +86 21 6087 6198  
Email: shanghai.marine@nepia.com

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## CONTACT OUR LOSS PREVENTION TEAM ON LOSS.PREVENTION@NEPIA.COM

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In this publication all references to the masculine gender are for convenience only and are also intended as a reference to the female gender. Unless the contrary is indicated, all articles are written with reference to English Law. However it should be noted that the content of this publication does not constitute legal advice and should not be construed as such. Members with appropriate cover should contact the North's FD&D department for legal advice on particular matters.

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