

21st April 1998

TO ALL MEMBERS

Dear Sirs,

INTERNATIONAL GROUP AGREEMENT/ LIMIT ON CLUB COVER

With reference to Circular to Members No.5:249 dated 23rd March 1998 this additional Circular has been prepared by the International Group to report further developments in the negotiations with the European Commission in Brussels on the application to renew the exemption for the International Group Agreement and on the issue of the limit on Club cover.

During March the International Group had hoped that prior to an oral hearing further discussions would take place with officials from DGIV to explain why further proposals to modify the current I.G.A. procedures could not be put forward and to explain the Group's transparency proposal in the context of administrative costs, submitted in November 1997, in greater detail.

At the same time the Group had also hoped that the uncertainty about the validity of the overspill system which has arisen in the absence of DGIV's approval of the new 2.5% limit which applies for 1998 would be resolved.

Although a meeting between representatives from the Group and DGIV officials took place on 3rd April 1998, no progress was made on the I.G.A. issue or on the level of cover. Before the meeting the Commission had indicated by fax on 1st April 1998 that since no new proposals had been submitted by the Group for amending the existing I.G.A. quotation procedures the Commission would be progressing the proceedings by inviting the Group to an oral hearing. Formal notice of an oral hearing was sent to the Group on 6th April 1998 stating that it would take place on 27th April 1998 in Brussels.

The Group is now completing preparations for the oral hearing. As already advised the procedure is not an adversarial process or a judicial hearing but an opportunity to present the Group's case to European Member States and for the Group and others to raise questions with DGIV. The Group's case will be presented by Club managers, the Group's legal advisers, Lovell White Durrant, and by individual shipowners and others speaking on behalf of the shipowning industry.

Further developments will be reported in due course.

Yours faithfully,
A. BILBROUGH & CO. LTD. (MANAGERS)