

Rice Cargoes

The poor freight market has seen an increase in the number of Members employing their ships in more challenging trades, such as bagged rice. Members entering this trade are encouraged to give careful consideration to the allocation of risk under the relevant charterparty, as well as the suitability of the ship and capabilities of the hold ventilation system.

Global trade in rice has resisted the economic downturn with volumes for 2012 estimated at 38.2 million tonnes, up 30% from 2009. The size of individual consignments being shipped from SE Asia to the Middle East and sub-Saharan Africa has also increased, magnifying the inherent risks associated with this trade and contributing to an elevation in the severity of claims notified to the London P&I Club in recent years. Owners often have to settle claims in the first instance before seeking a contribution from Charterers, if possible.

Historically, bagged rice cargoes were carried on general cargo ships, fitted with permanent wooden dunnage and ventilation systems designed to channel air throughout the hold space. However, with the decline of this ship type and pressures for economy of scale, bagged rice is more often shipped nowadays on conventional bulk carriers up to supramax size, introducing a greater practical challenge for Owners in carrying this cargo. In addition, there has been little improvement in efficiencies at ports of loading and discharge. The combined effect of port congestion and lengthy voyages from the Far East to West Africa often results in cargoes remaining onboard for prolonged periods.

Rice is a perishable moisture-sensitive cargo which has a propensity to become caked or mouldy in transit. Prolonged storage onboard



increases the risk of condensation and damage where there is a high pre-shipment moisture content or poor stowage or ventilation during the voyage. Certificates of quality upon shipment usually record pre-shipment moisture levels and may provide scope to rely on an inherent vice defence. However, inadequate stowage or ventilation will increase Owners' exposure to bill of lading claims. In order to maximise the prospect of obtaining a contribution from Charterers towards the settlement of any bill of lading claims, crewmembers should follow voyage instructions regarding stowage or ventilation carefully and record the steps taken. Dunnage should be clean, dry and able to offer sufficient protection and insulation from the hold structure. If the dunnage being used is clearly inadequate, the crew should notify

Owners so that they can consider whether to protest to Charterers.

Handling damage and cargo shortages also tend to be endemic in this trade. In some ports, the stevedores may be in a monopoly position, meaning there is no competition and ship operators effectively have no choice. Stevedores are usually unskilled and provided with only rudimentary equipment for slinging bagged cargo loads. They often receive bonuses for prompt discharge, meaning that the preservation of the cargo can be sacrificed in the interests of maintaining a quicker cargo outturn. Pilferage at some West African ports is also widespread. In addition, Members can encounter difficulties with inaccurate tallies. Both loading and discharging operations require careful supervision, including performance of tallies and cross-checking figures with other interested parties. It is usually best to appoint an independent surveyor who can dedicate their time to these tasks. Sealing cargo hold openings and performing draft surveys may also assist in defending shortage claims.

Members are encouraged to consider carefully the allocation of the risk of cargo claims under the charterparty and to notify the Club in advance of loading rice cargoes to discuss appropriate loss prevention measures.

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Mill scale

Mill scale is a by-product of the steel milling industry and is composed of coarse or fine brittle flakes of iron oxide. Once regarded as waste, its potential for being refined has seen this material increasingly traded as a bulk cargo.



Mill scale tends to drain water easily, accumulating at the bottom of a stockpile to form a “wet base”. However, in order to create a viable stockpile for sea carriage, mill scale will typically be accumulated from various sources and its particle size may be influenced by the manner in which the material is

handled. As a result, individual stockpiles may not be homogenous and it is likely that no two consignments will share the same characteristics, even when originating from the same port or shipper. The variable nature of the cargo emphasises the importance of obtaining fully representative samples for

the determination of moisture content and Transportable Moisture Limit (TML). Further, it also means that the TML will need to be determined anew for each shipment in accordance with IMSBC Code requirements.

As mill scale is not currently listed in the IMSBC Code, it should not be accepted for shipment unless accompanied by an authorisation from the load port Competent Authority that the cargo is suitable for sea carriage. However, as with iron ore fines, mill scale can exhibit characteristics of liquefaction, so should be tested for a TML. This means it should be treated as a Group A cargo unless testing proves otherwise. All Group A cargoes require shippers to provide a declaration in advance of loading showing the moisture content and TML. Going forward, it is understood that the Dangerous Goods Sub-Committee is presently considering a new IMSBC Code entry dealing with the scale generated from iron and steel making processes which it is anticipated will be entered as a Group A cargo. The Maritime Safety Committee recognised that, even though it is normally carried in a dry condition with moisture content far below its TML, if a cargo could liquefy then it should be classified as a Group A cargo.

Diving accidents

From time to time, the Club sees instances of divers employed to perform underwater inspections running into trouble. This can give rise to personal injury claims, fines and police investigations into the sequence of events, with the risk of criminal consequences for individual crewmembers.

The divers employed will be working in a commercial environment, which is inherently hazardous. This is compounded by possible operational activities onboard a ship outside the control of the divers.

Members should exercise due diligence in ensuring they contract with suitable companies with technically competent personnel, who are operating within the legal requirements of the port state. If Members are having difficulty identifying an appropriate company, the Club can assist by accessing the local knowledge of the correspondents.

Any diving in the vicinity of the hull should be carried out under the control of the ship's Permit to Work system. Before the Permit is issued, any onboard operations or equipment that may be a hazard to the divers must be identified and the operation suspended and/or equipment locked out. Ideally this should be a joint exercise undertaken with the divers, including the posting of warning signs.

The diving operations should be conducted to a prepared plan. The Master may wish to review this so he is familiar with action to be taken in the event of an emergency, including the method of diver rescue, and the planned resources are actually provided.

Where accidents occur, they are often due to a crewmember overlooking the fact that the dive is ongoing and engaging in activities giving rise to a known risk with the result that Members will be liable for any injury or loss of life.



Enclosed Space Entry



The Ship Inspection Department has noted a general rise in the number of ‘Negative Findings’ recorded in relation to the activity of Enclosed Space Entry. The subject has been discussed at length worldwide, and despite a global acceptance of industry standard procedures, incidents continue to occur year-on-year.

Inspection ‘Findings’ vary in nature, but the Enclosed Space Entry Permit to Work (PTW) and the associated prescribed steps, regularly present themselves as sources of negative findings in ship inspections. Inspectors are repeatedly presented with the following, even when fully completed PTW forms are presented:

- 1) Completed single PTWs which purport to cover entry into multiple enclosed spaces.
- 2) Checklists fully completed and signed off by the Responsible Officer and Master, but the required safety equipment is not actually in place.
- 3) No evidence of consideration of how a rescue would be undertaken from the space in the event of an emergency.
- 4) No provision for continuous monitoring of the atmosphere of the space.
- 5) Oxygen/Gas detection equipment presented in either a dubious condition or without proper evidence of calibration to statutory requirements.

Any SMS should provide for a PTW system for enclosed space entry, however, an alarming trend of ‘tick box culture’ has recently been detected in routine ship inspections. The importance of proper consideration of the steps which are required for an entry permit to be granted should not be overlooked.

For example, if it has been determined during a Task Risk Assessment that rescue equipment should be placed at the entrance to the space, the physical positioning of the equipment at the location should be verified by the ‘Responsible Officer’ before the item is checked off as completed. Only when all required provisions have been verified should the Master sign the permit to allow the operation to go ahead.

The exact requirements for each enclosed space entry will vary depending on, amongst other things, the location onboard, status of the ship, concurrent work, the previous contents of the space and the type of work to be conducted in the space. For this reason it is not acceptable practice to allow a single permit to apply to multiple space entries, particularly when these spaces are of a different designation.

The officers who are ‘in charge’ of the operation should, of course, always focus on their primary responsibility, which is to ensure that the operation is conducted as safely as practicable. However, should any further motivation be required, the Club is aware of at least one case where a responsible officer faced criminal charges for allowing an operation to be conducted in an unsafe manner – despite having signed the paperwork suggesting that all necessary safety precautions were in place.

Fish farming activity in Chinese waters

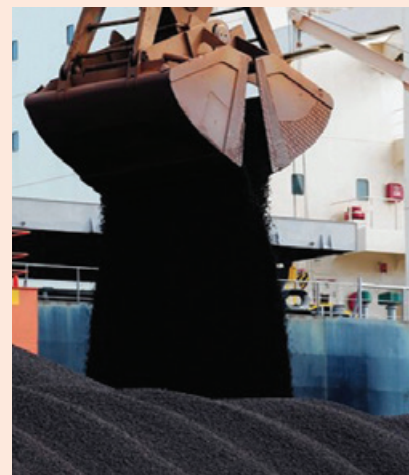
Over the last year or so, the Club has seen an increased incidence of ships entering fish farm properties in the approaches to Lanshan port, generating in some cases significant claims for property damage and commercial losses.

The China Ocean and Fishery Authority has approved the designation of two sea area blocks for fish farm development which extend immediately adjacent to the port approach channels and the No. 2 anchorage. The position and extent of each block has been identified in local Notices to Mariners issued by the China MSA. However, it must be emphasised that the fishery boundaries could be subject to adjustment at short notice, and there are, in addition, other extensive areas of mariculture operation in the port approaches which may not be marked on the chart or adequately identified in British Admiralty or local MSA Notices to Mariners. Furthermore, MSA navigational warnings relating to the location of fish farms and navigable channels are usually notified through port agents and services, and may not necessarily be promulgated by all other available means to marine traffic.

The relevant BA charts and Sailing Directions include cautions that ships must

follow the defined routes and draw the mariner's attention to the numerous fish farms and fish traps in the area. However, the frequency with which ships that have strayed outside the channel have struck mariculture operations suggests that mariners planning passages to or from Lanshan should give serious consideration to marking the areas outside the defined routes as no go areas. Moreover, if MSA navigational warnings are obtained then consideration should be given to submitting them to the UKHO, so that the need to update the relevant nautical publications can be assessed.

This hazard is likely to be more widespread, with an incident of fish farm damage recently reported off the port of Zhoushan due, in part, to warnings not being passed on to the ship by local agents. To complicate matters, the Club is also aware of a number of incidents involving unlicensed fish farm areas which are neither marked on the charts nor marked with visual aids.



IRON ORE FINES FROM GUATEMALA

The shipment of iron ore fines from Guatemala is a relatively recent development with the first shipment out of St Tomas de Castillo apparently occurring in October 2012.

The limited experience so far suggests that the cargo may be brought to the quayside in uncovered trucks, but is stored alongside under covers. It seems reasonable to expect there to be limited local experience of this cargo which may adversely affect the reliability of any sampling process and probably little in the way of infrastructure to ensure proper assessment of the cargo. That said, Inspectorate have a laboratory in Guatemala, with analysis results apparently being available within a couple of days. As there is little prior experience of the cargo being shipped out of Guatemala, Owners should err on the side of caution in assessing the safety of the cargo and should contact the Club for assistance in arranging local surveys, if necessary.

