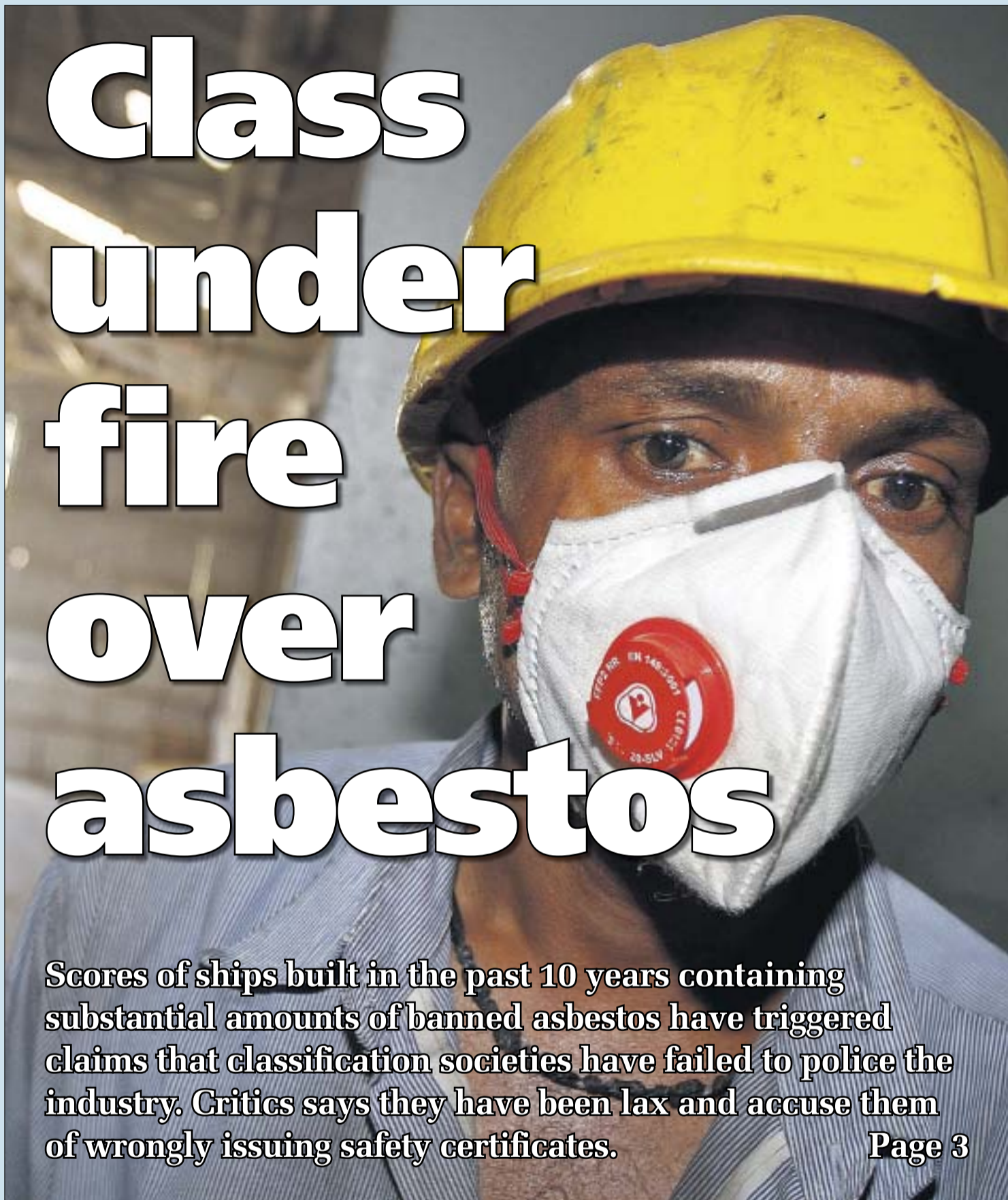


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Class under fire over asbestos

Scores of ships built in the past 10 years containing substantial amounts of banned asbestos have triggered claims that classification societies have failed to police the industry. Critics says they have been lax and accuse them of wrongly issuing safety certificates. **Page 3**

VULNERABLE TO CONTAMINATION: The International Maritime Organisation (IMO) says asbestos 'may pose serious risks to the health of crew members, ship surveyors and inspectors working in shipbuilding, repairing and recycling yard facilities'. Photo: Bloomberg News

Chinese gamble

Chinese yards are mortgaging their assets to fund their own speculative newbuilding orders.

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New VLCC pool

Morten Pilnov has big plans for a big pool for big ships.

Pages 12 and 13



MORTEN PILNOV
Photo: Jonathan Boonzaier

Debt suspicion

A subsidiary of Deulemar may have issued hundreds of millions of dollars of unauthorised debt to bondholders. **Page 4**

End of the line

Two South Korean yards are facing liquidation after failing to find buyers. **Page 8**

Call of the Rock

Gibraltar's key location at the entrance of the Mediterranean is proving attractive to shipping. A **TradeWinds Business Feature** on pages 23 to 28.

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Asbestos 'failure' by class societies

Ship recyclers are firing off claims that class societies have failed to police the industry and wrongly issued safety certificates.

Geoff Garfield

London

Scores of ships built in the last 10 years containing substantial amounts of banned asbestos have triggered claims that classification societies have failed to police the industry.

A major asbestos ban was introduced for ship installations in 2002 and a total ban at the beginning of last year.

But it is acknowledged that a large-scale problem persists and the International Association of Classification Societies (IACS) has now submitted a paper to the International Maritime Organisation (IMO) focussing on a "unified interpretation" of the regulations, seeking to clarify especially where responsibility lies.

It has sparked, however, a scathing criticism by a well-known figure in the ship-recycling industry where asbestos in end-of-life vessels continues to be of major concern.

Henning Gramann, managing director of Green Ship Recycling (GSR) Services and a former ship-recycling boss at Germanischer Lloyd, has accused classification

societies for many years of wrongly issuing Safety of Life at Sea (Solas) certificates for ships containing asbestos.

Gramann says he has come across numerous cases of asbestos while surveying vessels for inventories of hazardous materials (IHMs), a requirement of the still-to-be ratified Hong Kong Convention for the Safe and Environmentally Sound recycling of Ships.

Classification societies, he claims, have been lax in accepting asbestos-free certificates or statements from shipyards for equipment installations without checking their accuracy.

Surveyors have not been properly trained, it is alleged, to identify asbestos and where it is most likely to be found.

"And of course, these declarations from the shipyards are useless if they have not fully controlled the incoming materials themselves and that their suppliers don't have a fully-controlled supply chain," said Gramann.

The IACS paper goes before the IMO's sub-committee on ship design and equipment, which meets next week.

In July 2002, the IMO's Maritime Safety Committee (MSC) banned under Solas the installation of asbestos on newbuildings and existing ships, with a few exceptions. A total ban was introduced on 1 January 2011.

Gramann claims IACS members want to start taking positive action only a decade after the Solas ban became effective and for which the issuing of Solas certificates had earned them a lot of money.

If the IACS's paper on how to



DANGEROUS WORK: Removing asbestos is a major hazard for ship recyclers.

Photo: Bloomberg News

implement the Solas ban is accepted, it will legitimise the past failings of classification societies and prevent shipowners from seeking compensation once they discover asbestos exists on board, argues Gramann.

In the meantime, he says, owners risk being caught by surveys, already being carried out in Australia and the Netherlands, targeting asbestos on ships.

Gramann notes that since 1 December 2011, owners can only place a vessel under the Dutch flag after undergoing an asbestos survey or commissioning an IHM in accordance with the new Hong Kong recycling convention.

The extent that the Solas ban has been flouted, says Gramann, is illustrated by figures from a colleague handling asbestos surveys on ships entering Australia.

It is claimed that of 140 vessels he had inspected, asbestos was

discovered on 114. The checks covered ships delivered by yards since 1 January 2003, which meant they all fell under the Solas convention.

Often, says Gramann, asbestos is discovered in flange gaskets, coatings, pipe insulation and in accommodation areas.

The issue has been simmering below the surface for some time. A letter from former IMO secretary-general Efthimios Mitropoulos in December 2010 to IACS noted that despite being prohibited, the IMO knew of several contraventions.

It added that some ships considered to be asbestos-free now appeared to have materials containing the substance because of repairs at shipyards and/or purchasing spare parts.

"This may pose serious risks to the health of crew members, ship surveyors and inspectors and persons working in shipbuilding,

repairing and recycling yard facilities," said the Mitropoulos letter.

The same month, the MSC issued a circular to raise awareness in which it warned that asbestos-containing materials (ACMs) were still being found in such places as fire blankets, joint and insulation materials, some sealants and friction material for brakes, as well as wall and ceiling coverings.

It stressed the importance of training surveyors and inspectors in detecting asbestos and ACMs on board ships.

When asbestos is detected on board in contravention of Solas, it must be removed by professionals within three years.

"This is at the cost of the shipowner," said Gramann, who argues that in some instances, following a risk assessment, it may be safer to leave the asbestos in situ rather than disturb it.

'Robust verification process' needed to stamp out menace



NETHERLANDS: Found asbestos on newbuildings

Photo: Wikimedia Commons

Paul Sadler, International Association of Classification Societies (IACS) permanent representative to the International Maritime Organisation (IMO), says IACS is concerned at the emphasis being placed on classification societies and recognised organisations (ROs) to discover asbestos once it is on board ships.

A better way of dealing with the problem is to ensure that when equipment is ordered a "robust verification process" is in place, he says. The issue was currently being tackled from the "wrong end".

Sadler says the thrust of IACS's paper to next week's sub-committee on ship design and equipment

is how such verification should be achieved.

"We believe, as far as possible, that the emphasis should be on getting asbestos-free declarations and supporting documentation at the time equipment is supplied to the shipyard or repair yard," he said.

Added Sadler: "We think the original wording of the MSC [Maritime Safety Committee] circular didn't necessarily hit the right emphasis. We have a reasonable duty to address the issue but you have to realise the physical limitations of visual examination to detect this stuff."

He says it was evidence produced by the Netherlands that

alerted the IMO to the fact that asbestos prohibition was not being achieved as intended. The Netherlands found that ships were still being built with significant amounts of asbestos on board.

Sadler says he does not know on what Henning Gramann of Green Ship Recycling (GSR) Services bases his claim that IACS is now seeking to legitimise what has happened over the past 10 years since asbestos was banned from most areas of a ship.

"We want to bring to people's attention that it isn't all down to the guy trying to find it once it is on board," said Sadler.

"There is no magic bullet like

putting a magnet to it to find out whether it is metallic or non-metallic."

The only answer would be to send every piece of material installed on a ship to a laboratory for testing but this was not practical.

"I think it is getting the balance right of who is responsible," said Sadler. "We don't want to say to the suppliers and shipyards 'don't worry, it will be found if it gets on board'."

The responsibility of class societies going forward requires further discussion, he says. It is clear what the policymakers want but more consideration is needed on how to deliver.