



MAY 31, 2012

CIRCULAR NO. 15/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

DANGERS OF CARRYING NICKEL ORE FROM INDONESIA AND THE PHILIPPINES – MANDATORY NOTIFICATION REQUIREMENTS

Background

Members are asked to note that this Circular should be read in conjunction with Circular No. 06/11 of January 28, 2011 and the related Member Alert of December 2010 relating to the safe carriage of nickel ore cargoes. Nothing in this Circular supersedes the previous advice. The liquefaction of such cargoes has resulted in the sinking of a number of ships with a loss of many lives in the last 18 months. Nickel ore may liquefy if the moisture content of the material exceeds its transportable moisture limit (TML). Cargo liquefaction may lead to a loss of stability, to the extent that the ship may capsize.

Due to the numerous dangers and difficulties associated with this cargo, the International Group is actively involved with other industry bodies in discussions currently taking place within the International Maritime Organization (IMO) to determine if and how the International Maritime Solid Bulk Cargoes (IMSBC) Code can be amended to improve the safe carriage of nickel ore.

Representatives from the International Group also recently met with the Indonesian administration in Jakarta, as part of an industry delegation, to discuss industry concerns with regard to the safe carriage of such cargoes from Indonesia. The issues discussed included the duty of a competent authority to oversee compliance by shippers of their obligations under the Code in respect of reliable testing and accurate certification of the cargo to be shipped. In the absence of an early resolution to these discussions and the continuing risks to safety, Members considering the carriage of nickel ore from ports in Indonesia and the Philippines should note the recommendations contained herein.

Mandatory notification requirement

While it remains the Member's responsibility to ensure full compliance with the IMSBC Code, and to take any measures necessary to ensure the safe carriage of nickel ore cargoes from ports in Indonesia and the Philippines, Members who plan to fix or charter a ship to load nickel ore from ports in Indonesia and the Philippines, or where under an existing fixture a ship is ordered to load such cargo, must contact the Managers at the earliest opportunity and, where possible, provide the following information:

- Ship name
- Port/anchorage of loading and estimated time of arrival
- Date of intended loading
- Charterer/shipper's details
- Agent's details
- Copy of the shipper's cargo declaration and supporting certificates.

This will enable the Managers to provide Members with relevant information on measures that might be taken to reduce the risk, as set out in the previous Circular, such as the appointment of a local surveyor to assist the master, and the appointment of an expert, not necessarily to attend in person, but to liaise and supervise the local surveyor throughout. These measures may reduce the risks inherent in the carriage of nickel ore cargoes but are not a guarantee of safety.

If the master is in any doubt whatsoever as regards the suitability and safety of the cargo then loading should be stopped. The Member should contact the Managers immediately. Problems are likely to arise if the loading of unsafe cargo is permitted. It may, for example, be difficult to discharge the cargo due to the lack of facilities in the loading port or complications arising from local customs regulations.

As experience is gained as a result of these mandatory declarations, your Managers aim to be in a better position to identify those areas, ports and shippers which present particular difficulties, including inaccurate cargo declarations.


Possible prejudice to Club cover

Members should be aware that they may be prejudicing Club cover if they fail to notify the Managers that they plan to fix or charter a ship, or that a ship has been ordered, to load nickel ore from a port in Indonesia or the Philippines.

Conclusion

The objective of this notification procedure is to try and ensure Members engaged in or contemplating the carriage of nickel ore are made aware of the dangers, the IMSBC Code requirements, Club cover implications and also provided with information on measures available to mitigate these risks, even if they cannot be entirely excluded.

Yours faithfully,


Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

All clubs in the International Group of P&I Clubs have issued similar circulars.