

TO ALL MEMBERS

28 June 2013

Dear Sirs

UKRAINE – CARRIAGE OF IRON CONCENTRATE AND IRON ORE FINES CARGOES

Members' attention is drawn to recent reports received by the International Group of P&I Clubs that cargoes of iron ore concentrate/fines presented for loading at the port of Yuzhny, Ukraine, have been rejected because they exhibited moisture content in excess of the Transportable Moisture Limit (TML), as defined in the IMSBC Code.

In some cases, following independent testing undertaken outside of Ukraine, it appears that the TML was found to be significantly lower than stated on the respective cargo declarations to the extent that the moisture content was above the re-tested TML and, as a result, the loaded cargoes were discharged back to shippers in port.

Large quantities of iron concentrate and smaller quantities of iron ore fines are shipped in bulk from the port of Yuzhny, as well as from the Ukrainian ports of Odessa, Ilyichevsk and Nikolayev. These are Group A cargoes under the IMSBC Code and are therefore liable to liquefy if the moisture content exceeds the transportable moisture limit (TML). The IMSBC Code requires the shippers to provide the master or his representative with a cargo declaration, prior to loading, containing key information about the cargo including the correct Group, the TML and the moisture content. In addition, the TML and moisture content figures must be evidenced by certificate(s) issued by the laboratory that conducted the tests. In the Ukraine, shipper's cargo declarations are usually supported by certificates issued by the Central Cargo Bureau (CCB).

The International Group of P&I Clubs and other industry bodies are in the process of establishing a dialogue with the relevant authorities in the Ukraine in an effort to resolve this reported problem. Whilst little is known about the laboratory process underlying the various test certificates issued locally, cargo samples sent for independent testing outside the Ukraine have been found to have a TML consistently lower than the figure ascertained by the CCB. Consequently there are concerns with regard to the standard of equipment, levels of training and expertise of the laboratories in Ukraine at the present time.

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Expert access

The situation is complicated by a new system recently introduced by the Yuzhny port authority that may have adverse consequences and potentially restricts access to the port for surveyors to attend vessels at short notice.

Surveyors were previously issued with annual passes in order to enter the port. This arrangement has recently been stopped and all annual passes have now been cancelled. Surveyors must now apply for permission to enter the port for each attendance. Under the new system, applications will need to be filed with the Port Authority 3-4 days in advance of each survey and the application will only be processed on working days. It is unclear if surveyors will be granted urgent access in the event of an emergency/incident.

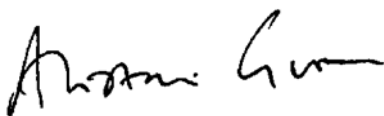
Furthermore, if a surveyor is instructed to carry out an inspection of the cargo and/or to collect cargo samples, the port will no longer allow the surveyor to enter the port without the agreement of the shippers or cargo forwarders. This is inconsistent with the recent draft amendments to the IMSBC Code set out in IMO circular MSC.1/Circ.1441). The circular invites SOLAS Contracting Governments to implement the draft amendments on a voluntary basis before they enter into force, one of which states that shippers '*For a concentrate or other cargo which may liquefy the shipper shall facilitate access to stockpiles for the purposes of inspection, sampling and subsequent testing by the ship's nominated representative*'.

The International Group of P&I Clubs and other industry bodies are engaging with the port authority to resolve the situation. In the meantime, members with vessels proceeding to Yuzhny that may need a surveyor should give sufficient advance notice to the port administration so that permission to gain access to the port can be obtained.

In circumstances where there may be concerns as to the safety of any cargo presented for loading at Yuzhny, with particular reference to cargoes that are liable to liquefy (IMSBC Group A cargoes) such as iron concentrate/fines, or in the event of an incident requiring the urgent attendance of a surveyor, members should notify the managers immediately.

All clubs in the International Group will be issuing similar circulars.

Yours faithfully



Alistair Groom
Chief Executive
Charles Taylor & Co Limited