

QUALITY SHIPPING SEMINAR, 2000  
“THE ROLE OF PORTS IN QUALITY SHIPPING”  
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GOOD MORNING, IT IS A PLEASURE FOR ME TO BE AT THIS SYMPOSIUM AND ON THIS PANEL DISCUSSION ON QUALITY SHIPPING. MY THANKS TO THE MARITIME AND PORT AUTHORITY OF SINGAPORE FOR INVITING ME AND FOR ORGANIZING THIS EVENT.

QUALITY SHIPPING – WHAT CAN PORTS DO TO ENCOURAGE QUALITY SHIPPING? THAT DEPENDS A LOT ON HOW THE PORT IS ORGANIZED AND OPERATED. IN THE U.S., EACH PORT IS A UNIQUE MIX OF PRIVATELY OWNED AND OPERATED FACILITIES AND FACILITIES OWNED AND OPERATED BY, OR LEASED BY, PORT AUTHORITIES WHICH ARE USUALLY STATE GOVERNMENT ENTITIES.

PORT OPERATIONS ARE GOVERNED BY A HOST OF FEDERAL, STATE, AND LOCAL GOVERNMENT AGENCIES SUCH AS THE COAST GUARD, WHICH IS RESPONSIBLE FOR PORT SAFETY, SECURITY, MARINE ENVIRONMENTAL PROTECTION, WATERWAYS MANAGEMENT, AIDS TO NAVIGATION, ANCHORAGE MANAGEMENT, AND PORT STATE CONTROL OF NON-U.S. VESSELS.

THE U.S. ARMY CORPS OF ENGINEERS IS RESPONSIBLE FOR CHANNEL MAINTENANCE; THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION FOR THE CHARTING OF OUR PORTS AND WATERWAYS; PORT AUTHORITIES FOR SOME FACILITY MANAGEMENT AND PORT PLANNING AND ALSO FOR INTERACTING WITH OTHER STATE AND FEDERAL AGENCIES.

THIS ARRANGEMENT IS HARDLY THE HOMOGENEOUS ARRANGEMENT FOUND ELSEWHERE IN THE WORLD, FOR EXAMPLE, ROTTERDAM. ACCORDINGLY, THE PORT AUTHORITIES IN THE U.S. ARE IN A LESS CAPABLE POSITION TO IMPROVE QUALITY SINCE THEY HAVE VARYING DEGREES OF CONTROL OVER THE ACTIVITIES WITHIN THEIR BOUNDARIES. WITH NO CENTRAL GUIDING AUTHORITY, THIS CONTROL IS OBVIOUSLY NOT CONSISTENT FROM PORT TO PORT. SO IF PORT STATE CONTROL AUTHORITY WAS VESTED IN PORTS, IT WOULD LIKEWISE BE INCONSISTENT.

IN ADDITION, ALTHOUGH OUR MULTI- AGENCY MARINE TRANSPORTATION INITIATIVE SEEKS TO IMPROVE COORDINATION AND INTERACTION AMONGST FEDERAL STATE AND LOCAL ENTITIES, I SEE NO IMMEDIATE EFFECT IN THE AREA OF SHIP QUALITY ISSUES. THAT STILL FALLS TO THE US PSC ADMINISTRATION – THE US COAST GUARD.

THE COAST GUARD, AS THE PORT STATE CONTROL AUTHORITY, HAS THE REGULATORY RESPONSIBILITY AND AUTHORITY TO ADDRESS AND AFFECT QUALITY SHIPPING ISSUES ALTHOUGH IT MAY DO THIS IN COOPERATION WITH PORT AUTHORITIES AND OTHER AGENCIES.

I WILL THEN TALK ABOUT WHAT WE COLLECTIVELY SEE TODAY AS THE QUALITY OF SHIPPING CALLING AT U.S. PORTS, WHERE WE WOULD LIKE TO SEE IT GO, AND WHAT INCENTIVES WE PLAN TO EMPLOY TO REACH OUR DESIRED END STATE.

LET ME BEGIN WITH THE END IN MIND.

WHAT IS OUR DESIRED STATE? TO START WITH, THE 8<sup>TH</sup> SESSION OF THE IMO'S FLAG STATE IMPLEMENTATION SUB-COMMITTEE CREATED A WORKING DEFINITION OF THE GOAL OF A FLAG STATE AS: "TO HAVE A FLEET WITH A GOOD SAFETY RECORD AND WHICH CAUSES MINIMAL DAMAGE TO THE MARINE ENVIRONMENT." IF THE FLAG STATES ACHIEVE THAT GOAL, THEN ALL PORT STATES WOULD BE CONFIDENT THAT A VESSEL, OF ANY FLAG, INCLUDING ITS OWN, CALLING AT ITS PORTS, IS IN FULL COMPLIANCE AND READY TO RESPOND TO ANY EMERGENCY. THIS VESSEL WOULD HAVE PROPERLY TRAINED SEAFARERS, ALL SAFETY AND ENVIRONMENTAL PROTECTION EQUIPMENT WOULD BE PROPERLY MAINTAINED, AND SAFETY MANAGEMENT SYSTEMS WOULD BE IN PLACE.

IN THE DESIRED END STATE:

THE PORT STATE WOULD FUNCTION ONLY AS THE QUALITY ASSURANCE INSPECTOR, AND IT WOULD NOT BE COST EFFECTIVE FOR A NON-COMPLIANT VESSEL TO COMPETE IN THE INTERNATIONAL MARKET.

**CURRENT STATE**

HOWEVER, WE ARE NOT THERE YET. ALTHOUGH U.S. PORT STATE CONTROL STATISTICS SHOW CONSIDERABLE IMPROVEMENT WITH DETENTIONS DOWN 33% IN 1998 AND AN ADDITIONAL 25% IN 1999, OPERATIONAL DEFICIENCIES CONTINUE TO BE A PROBLEM, WITH OVER 25% OF VESSEL DETENTIONS CAUSED BY POOR CREW PERFORMANCE DURING FIRE AND ABANDON SHIP DRILLS. DESPITE IMPROVED STANDARDS THAT REQUIRES BASIC FAMILIARIZATION TRAINING, AND STCW 95 IMPLEMENTATION, MANY VESSEL CREWS STILL HAVE DIFFICULTY DEMONSTRATING EMERGENCY PROCEDURES RELATED TO SHIP SAFETY.

TRAGEDIES SUCH AS *ERIKA* CONTINUE TO RAISE QUESTIONS AND GIVE CAUSE FOR THOUGHT ON JUST HOW WELL EACH ELEMENT OF THE CHAIN OF RESPONSIBILITY IS PERFORMING OR NOT PERFORMING AND HOW THAT CHAIN IS ONLY AS STRONG AS ITS WEAKEST LINK. WE MUST ALL DO OUR WORK WELL.

I AM AS ANXIOUS AS ALL OF YOU TO SEE THE RESULTS OF THE *ERIKA* INVESTIGATION AND THEN ASSESS WHAT IMO MAY DO. IT WAS ENCOURAGING TO HEAR OF THE STRONG SUPPORT DEMONSTRATED IN THE RECENT MEPC MEETING FOR SECRETARY GENERAL O'NEILL'S CALL TO NOT ACT BEFORE ALL OF THE FACTS ARE KNOWN AND, IF ACTION IS REQUIRED, TO ACT IN THE INTERNATIONAL FORUM OF IMO.

THE US WHOLEHEARTEDLY SUPPORTS THAT APPROACH WHENEVER POSSIBLE.

### **GETTING THERE**

I WANT TO RE-EMPHASIZE THE PORT STATE'S ROLE IN THE DESIRED END STATE OF QUALITY SHIPPING RELATIVE TO THE REST OF THE CHAIN OF RESPONSIBILITY.

AS ENVISIONED BY THE ISM CODE, THE STRONGEST AND MOST IMPORTANT ROLE IN QUALITY SHIPPING BELONGS TO THE OWNERS AND OPERATORS. NEXT, THE FLAG STATES, CLASSIFICATION SOCIETIES, CHARTERERS AND INSURERS PLAY A SIGNIFICANT ROLE TO ENSURE THAT VESSELS ARE MAINTAINED PROPERLY. THEY ARE FOLLOWED BY THE SAFETY NET OF THE PORT STATE AND THEIR EXAMINATIONS.

SO, WHAT CAN A PORT STATE CONTRIBUTE TODAY TO AID THE MOVEMENT OF OWNERS, OPERATORS, FLAG STATES, CLASS, CHARTERS AND THE LIKE TOWARD QUALITY SHIPPING?

I'LL ADDRESS SEVERAL POSSIBLE CONTRIBUTIONS:

- PARTNERING
- TRANSPARENCY
- RECOGNITION OF AND REWARDS FOR QUALITY
- CONTINUED IMPLEMENTATION OF ISM AND STCW
- HOLDING THE ENTIRE CHAIN OF RESPONSIBLE ACCOUNTABLE

### **PARTNERING**

THE CONTINUING ESTABLISHMENT AND GROWTH OF PARTNERSHIPS BETWEEN THE DIFFERENT PARTIES INVOLVED IN THE SHIPPING INDUSTRY WILL IMPROVE THE SUPPORT OF QUALITY SHIPPING. THE U.S. HAS FORMAL QUALITY PARTNERSHIPS WITH EIGHT MARITIME INDUSTRY ORGANIZATIONS. THE PURPOSE OF THOSE PARTNERSHIPS IS TO WORK MORE CLOSELY TOGETHER TO IMPROVE MARITIME SAFETY AND PROTECTION OF THE ENVIRONMENT THROUGH NON-REGULATORY SOLUTIONS.

WE NEED TO ENCOURAGE THE CONTINUED GROWTH OF PARTNERSHIPS; BOTH FORMAL AND INFORMAL, BETWEEN THE PARTIES INVOLVED IN QUALITY SHIPPING. THESE PARTNERSHIPS GIVE US THE ABILITY TO IDENTIFY POTENTIAL PROBLEMS IN SHIPPING SAFETY AND MARINE ENVIRONMENTAL PROTECTION, AND QUICKLY IMPLEMENT WORKABLE NON-REGULATORY SOLUTIONS BEFORE THEY BECOME REAL PROBLEMS.

AS AN EXAMPLE OF HOW A FORMAL PARTNERSHIP HAS BEEN HELPFUL IN THE UNITED STATES, IS THE PROGRESS THAT HAS BEEN MADE WITH THE INTERNATIONAL MARITIME INFORMATION SAFETY SYSTEM (IMISS), THROUGH OUR PARTNERSHIPS WITH BIMCO AND INTERTANKO. BIMCO HAS BEEN AN ACTIVE PARTICIPANT, AND HAS EMBRACED IMISS AS THE NEAR-MISS SAFETY PREVENTION PROGRAM. AS SUCH, THEY HAVE OFFERED THEIR MEMBER VESSELS AS PARTICIPANTS FOR TESTING SYSTEM DOCUMENTS AND DATABASES, AND WE ARE OPTIMISTIC THAT THIS WILL HELP US DEVELOP THIS IMPORTANT SYSTEM.

INTERTANKO HAS SIMILARLY BEEN AN ACTIVE PARTNER AND HELPFUL IN OUR EFFORTS WITH IMISS. IN ADDITION, THEIR REPORT ENTITLED "U.S. PORT & TERMINAL SAFETY STUDY" PROVIDED VALUABLE FEEDBACK ON THE STATE OF THE U.S. MARINE TRANSPORTATION SYSTEM (MTS), WHICH WE INCORPORATED IN OUR SUBSEQUENT REPORT TO CONGRESS ON THE MTS. INTERTANKO CONTINUES TO BE AN INVOLVED PARTNER BY WORKING WITH MY WATERWAYS MANAGEMENT DIRECTORATE TOWARDS THE HARMONIZATION OF OUR HARBOR SAFETY COMMITTEES THROUGH THE DEVELOPMENT AND IMPLEMENTATION OF WRITTEN GUIDANCE AND A WEBSITE FOR HSC'S.

### **TRANSPARENCY**

WE NEED TO CONTINUE TO PROACTIVELY ENGAGE IN THE GROWTH OF TRANSPARENCY. WHILE INCREASED TRANSPARENCY ALLOWS US TO BETTER IDENTIFY THE SUBSTANDARD SHIPS, IT ALSO ENABLES QUALITY SHIPPING TO MAKE ITSELF KNOWN TO THE REGULATORS, CHARTERERS AND OTHERS.

TRANSPARENCY, WHICH IS THE SHARING OF DATA AND INFORMATION ABOUT SHIP QUALITY, WILL HELP US ACHIEVE OUR DESIRED STATE. IT IS VITALLY IMPORTANT TO ENSURE THAT ALL STAKEHOLDERS KNOW WHOM THE QUALITY SHIPS, OWNERS AND OPERATORS ARE, AND TO ENSURE THAT ONLY THOSE "QUALITY" SHIPS ARE CARRYING CARGO.

WE CAN PROMOTE TRANSPARENCY IN SEVERAL WAYS. AS WITH THE OTHER REGIONAL MOUS, WE PUBLISH OUR DETENTIONS ON OUR PORT STATE CONTROL WEB SITE ([www.uscg.mil/hq/g-m/psc/psc.htm](http://www.uscg.mil/hq/g-m/psc/psc.htm)). WE ALSO PUBLISH A LIST OF OWNERS AND OPERATORS WHO HAVE BEEN ASSOCIATED WITH MORE THAN ONE DETENTION IN THE PREVIOUS 12 MONTHS, AND THE RESULTS OF OUR ANNUAL EVALUATION OF FLAG STATES AND CLASSIFICATION SOCIETIES.

AN AREA THAT NEEDS MORE TRANSPARENCY CONTINUES TO BE THE IDENTIFICATION OF VESSELS OWNERS AND ESPECIALLY CHARTERERS. WE'RE EXPLORING HOW AS A PSC AUTHORITY, WE MAY ADD THE CHARTERER DIMENTION TO THE EQUATION OF IDENTIFICATION AND ACCOUNTABILITY

COMBINING THE TWO CONCEPTS OF PARTNERING AND TRANSPARENCY, WE HAVE AGREED TO WORK WITH THE EUROPEAN COMMISSION IN THE ESTABLISHMENT AND MAINTENANCE OF EQUASIS. THIS SYSTEM, SCHEDULED TO BE ONLINE IN MAY OF THIS YEAR, IS BEING DEVELOPED TO PROVIDE THOSE IN THE MARITIME INDUSTRY WITH A SINGLE POINT OF ACCESS TO RELEVANT DATA ON MARINE SAFETY AND QUALITY OF SHIPS.

WE EXPECT THAT ALL SECTORS OF THE MARITIME INDUSTRY WILL BE ABLE TO USE EQUASIS TO EVALUATE THE SHIPS THAT THEY ARE INTERESTED IN. EQUASIS IS ENVISIONED TO PROVIDE A HOST OF SERVICES SUCH AS:

- PORT STATES WILL BE ABLE TO OBTAIN A VESSEL'S HISTORY FROM OUTSIDE ITS OWN REGION.
- CARGO OWNERS WILL BE ABLE TO DETERMINE THE LIKELIHOOD THAT THEIR CARGO WILL BE HELD UP DUE TO POSSIBLE PORT STATE CONTROL ACTIONS.
- INSURERS WILL BE ABLE TO BETTER ASSESS THE CONDITION OF SHIPS AND THE LIKELIHOOD OF PROBLEMS RESULTING IN CLAIMS.
- FLAG STATES AND CLASSIFICATION SOCIETIES WILL BE ABLE TO VIEW COMPLIANCE INFORMATION FROM PORT STATE CONTROL AND OTHER SOURCES THAT WILL HELP THEM IDENTIFY AND TAKE ACTION AGAINST COMPANIES AND SHIPS WITHIN THEIR FLEETS THAT FAIL TO MAINTAIN COMPLIANCE.

HOWEVER, TRANSPARENCY SHOULD WORK BOTH WAYS. WHILE THE EXAMPLES I HAVE JUST PROVIDED FOR THE USES OF EQUASIS DEAL PRIMARILY WITH THE IDENTIFICATION OF SUBSTANDARD AND LOW QUALITY SHIPS, WE ALSO BELIEVE EQUASIS WILL PROVIDE THE CAPABILITY TO PUBLICIZE THOSE SHIPS AND COMPANIES OF HIGH QUALITY.

EQUASIS WILL CONTAIN DATA FROM INSPECTIONS, NOT JUST DETENTIONS. THEREFORE, QUALITY SHIPS AND COMPANIES WILL BE EVIDENT AS THEIR RECORDS WILL CONTAIN INSPECTIONS THAT RESULT IN NO DETENTIONS AND FEW OR NO DEFICIENCIES. IT IS FOR THIS REASON: TO PROVIDE THE ABILITY TO IDENTIFY QUALITY SHIPS AS WELL AS SUBSTANDARD SHIPS, THAT WE HAVE FELT IT IN OUR BEST INTEREST TO SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF EQUASIS.

ANOTHER ASPECT OF TRANSPARENCY IS SUBMISSION BY FLAG STATES OF DATA AND INFORMATION TO IMO SUCH AS:

- FLAG STATE COMMENTS IN RESPONSE TO PSC DETENTIONS
- REPORTS ON INVESTIGATIONS INTO SERIOUS/VERY SERIOUS CASUALTIES
- MANDATORY REPORTS UNDER MARPOL 73/78
- SELF ASSESSMENT FORMS

I WANT TO ADDRESS SELF ASSESSMENT FOR A BIT. THE IMO'S FLAG STATE IMPLEMENTATION SUB-COMMITTEE HAS MADE SIGNIFICANT INROADS TOWARDS IMPROVING AND STRENGTHENING THE ROLE OF THE FLAG STATE. AT THEIR LATEST SESSION IN JANUARY, I WAS VERY ENCOURAGED TO SEE THAT EXCELLENT PROGRESS WAS MADE ON THE CONTINUED DEVELOPMENT OF THE FLAG STATE SELF-ASSESSMENT PROCESS, INCLUDING THE ESTABLISHMENT OF CLEAR CRITERIA AND PERFORMANCE INDICATORS.

WHAT IS THE FLAG STATE SELF-ASSESSMENT PROCESS? THIS IS A VOLUNTARY PROCESS, WHEREBY THE FLAG STATE COMPLETES THE SELF-ASSESSMENT FORM, AND PERFORMS AN INITIAL ANALYSIS TO DETERMINE WHERE IMPROVEMENT IS NECESSARY. THEN, THE FLAG STATE SETS A GOAL FOR ITS FLEET, AND DEVELOPS A PLAN TO ACHIEVE THAT GOAL. IF THIS PROCESS IS PERFORMED TRANSPARENTLY, OTHER FLAG STATES WILL BE IN A POSITION TO ASSIST THEM IN REACHING THEIR GOALS.

THE U.S. HAS DEVELOPED A DATABASE TO CAPTURE OUR SELF-ASSESSMENT DATA, AND WE OFFERED THIS DATABASE AT THE LAST FSI SUB-COMMITTEE MEETING. THE U.S. INTENDS TO SHARE OUR SELF-ASSESSMENT WITH OTHER ADMINISTRATIONS TO EXPAND ON TRANSPARENCY. WE BELIEVE THAT BY SHARING OUR RESULTS WITH OTHER ADMINISTRATIONS, WE CAN ALL LEARN FROM EACH OTHER'S BEST PRACTICES.

FOR EXAMPLE, IF ONE ADMINISTRATION HAS DETERMINED THAT A CRITICAL PERFORMANCE FACTOR FOR THEM TO IMPROVE IS THE REPORTING AND TRACKING OF DATA THAT IS SENT TO IMO, ANOTHER ADMINISTRATION MIGHT HAVE ALREADY TACKLED THAT PROBLEM AND INSTITUTED A PROPER FIX. BY OFFERING EACH OTHER TECHNICAL ASSISTANCE, WE CAN PUT IMPROVED FLAG STATE PERFORMANCE ON THE FAST TRACK.

AS OUR EFFORTS IN THESE GENERAL AREAS BEAR FRUIT, IT WILL  
COMMUNITY ARE OF HIGH QUALITY.

WE PLAN TO ADD A DIMENSION TO OUR PSC RISK ASSESSMENT  
PROCESS TO GIVE DUE CREDIT TO VESSELS WHOSE FLAG OF  
REGISTRY HAVE COMPLETED AND SUBMITTED SELF ASSESSMENT  
FORMS TO IMO AS WELL AS OTHER DATA THAT WILL IMPROVE  
TRANSPARENCY.

### **ISM AND STCW CONTINUED IMPLEMENTATION**

CONTINUED PROGRESS IN THE IMPLEMENTATION OF THE ISM CODE  
WILL STRENGTHEN THE SHIP OWNER'S RELATIONSHIP TO THE  
OVERALL CONDITION OF THE VESSEL. SOME MEMBERS OF THE  
SHIPPING COMMUNITY HAVE BEEN PESSIMISTIC ABOUT THE ISM  
CODE, AND HAVE BEEN DOWNPLAYING IT AS "JUST ANOTHER  
PIECE OF PAPER."

EVERY MEMBER OF THE SHIPPING COMMUNITY MUST DO THEIR PART  
TO ENSURE THAT THAT DOES NOT HAPPEN. CHARTERERS AND  
INSURERS MUST INSIST THAT VESSELS THEY ARE ASSOCIATED  
WITH ARE IN COMPLIANCE. CLASSIFICATION SOCIETIES MUST  
VERIFY THAT THE MATERIEL CONDITION OF THE VESSEL  
CORRESPONDS TO THEIR ISM CODE PAPERWORK. VESSEL  
OWNERS MUST VISIT THEIR VESSELS FREQUENTLY, AND MAKE  
SURE THAT INTERNAL AUDITS ARE COMPLETED HONESTLY AND  
THOROUGHLY.

PORT STATES MUST INSIST ON FULL ISM COMPLIANCE BY ALL VISITING VESSELS; AND FLAG STATES MUST MONITOR THEIR PERFORMANCE TO ENSURE THAT THEIR VESSELS ARE COMPLYING WITH ALL RELEVANT REGULATIONS.

**REWARDS FOR QUALITY VESSELS**

HOW THEN SHOULD WE REWARD QUALITY VESSELS? SOME EXAMPLES OF REWARDS THAT A PORT STATE CAN OFFER ARE:

- A REDUCTION IN THE NUMBER OF PORT STATE INSPECTIONS.

IN THE CURRENT U.S. PSC VESSEL BOARDING PROGRAM, A RISK-BASED MATRIX IS USED TO IDENTIFY THE HIGHEST RISK VESSELS FOR BOARDING. BESIDES THIS CRITERIA, OUR POLICIES REQUIRE VESSELS TO BE EXAMINED AT LEAST ONCE A YEAR IN U.S. WATERS. WE REALIZE THAT MANY OF THESE “ANNUAL” BOARDINGS ARE PERFORMED ON VESSELS THAT RARELY HAVE DEFICIENCIES.

THEREFORE, WE ARE EXPLORING THE POSSIBILITY OF IDENTIFYING THOSE QUALITY VESSELS, AND THEN EXAMINING THEM LESS FREQUENTLY. IDEALLY, WE WOULD EXAMINE A QUALITY DESIGNATED, NON-U.S. FLAGGED, FREIGHT VESSEL NO MORE THAN ONCE EVERY TWO YEARS. FOR EXAMPLE, IN 1999 WE EXAMINED OVER 4200 FREIGHT VESSELS ONLY BECAUSE OF THE ELAPSED TIME BETWEEN PREVIOUS U.S. EXAMINATIONS WHILE OVER 1700 HIGH PRIORITY VESSELS WERE NOT BOARDED.

IN THE U.S., BY IMPLEMENTING A BIENNIAL FREIGHT SHIP EXAMINATION SCHEDULE, WE WOULD EXPECT TO EXAMINE APPROXIMATELY 2100 LESS FREIGHT SHIPS PER YEAR UNDER THE QUALITY SHIP PROGRAM, AND REALLOCATE OUR RESOURCES TO THE 1700 HIGHER RISK VESSELS THAT ARE NOT CURRENTLY ABLE TO BE BOARDED.

U.S. LAW REQUIRES NON-U.S. FLAGGED, PASSENGER AND TANK VESSELS TO BE EXAMINED AT LEAST ANNUALLY. HOWEVER, JUST LIKE THE FREIGHT VESSELS, WE ARE EVALUATING A PROGRAM THAT WOULD IDENTIFY THE QUALITY TANK VESSELS, AND PERFORM A LESS THOROUGH, MID-PERIOD EXAM, WITH A COMPLETE PSC EXAM EVERY TWO YEARS.

PASSENGER VESSELS, CONSIDERING THEIR VERY PRECIOUS CARGO- HUMAN LIVES – WILL CONTINUE TO RECEIVE NO LESS SCRUTINY IN THE US AS NOW, IN SPITE OF THEIR COMMENDABLE SAFETY RECORD. THE CONSEQUENCE SIDE OF THE PROBABILITY/CONSEQUENCE EQUATION MAKES THE RISK SIMPLY TOO HIGH TO DO ANYTHING DIFFERENT.

CARGO SHIPS, BULKERS AND TANKERS WOULD BE GIVEN A CERTIFICATE OF COMPLIANCE FOR OPERATION IN U.S. WATERS THAT WOULD BE VALID FOR TWO YEARS. THAT WOULD REDUCE DELAYS AT THE ONE-YEAR ANNIVERSARY, BECAUSE THE VESSEL'S CERTIFICATE WOULD NOT HAVE EXPIRED, AND THE COAST GUARD WOULD ISSUE APPROXIMATELY 500 LESS TANK SHIP CERTIFICATES OF COMPLIANCE EACH YEAR.

- “GREEN AWARD” INCENTIVES

ANOTHER INCENTIVE THAT WE, IN THE U.S., ARE INTERESTED IN PURSUING, IS A PROGRAM SIMILAR TO THE GREEN AWARD, WITH THE CO-OPERATION OF THE MAJOR PORTS IN THE U.S. THERE ARE TWO IMPORTANT CONCEPTS THAT HAVE MADE THE GREEN AWARD SUCCESSFUL: 1. QUALITY VESSELS ARE IDENTIFIED IN A RATIONAL MATTER; AND 2. THERE IS A REAL BENEFIT TO THE SHIPOWNER THAT HAS VESSELS THAT MEET THAT STRINGENT CRITERIA.

GREEN AWARD CERTIFIED VESSELS HAVE REALIZED MANY BENEFITS THAT CAN'T BE EASILY MEASURED, INCLUDING PRIDE OF CERTIFICATION, EXCELLENT SAFETY AND PSC RECORDS AND FAVORABLE IMAGES WITH INSURERS AND POTENTIAL CHARTERERS. AND, OF COURSE, MANY EUROPEAN PORTS HAVE OFFERED FINANCIAL INCENTIVES TO GREEN AWARD CERTIFIED VESSELS.

ALL FACETS OF THE SHIPPING INDUSTRY BENEFIT FROM QUALITY VESSELS CALLING AT THEIR PORTS, NOT JUST THE PORT STATE AUTHORITIES. I AM NOT AWARE OF ANY U.S. MARITIME SUPPLIER PROVIDING A FINANCIAL INCENTIVE TO A GREEN AWARD CERTIFIED VESSEL, BUT I WOULD CERTAINLY ENCOURAGE THE ACCEPTANCE OF THE GREEN AWARD PROGRAM IN NORTH AMERICA FOR THAT PURPOSE.

ANOTHER ALTERNATIVE IS FOR THE U.S. TO WORK MORE CLOSELY WITH THE GREEN AWARD FOUNDATION, AND TAKE ADVANTAGE OF THEIR YEARS OF EXPERIENCE WITH QUALITY SHIPPING. I UNDERSTAND THAT THE GREEN AWARD IS EXPANDING THEIR PROGRAM, AND WILL SOON COVER THE DRY CARGO INDUSTRY, ALONG WITH THE TANKSHIPS THAT ARE CURRENTLY COVERED.

THERE MAY BE SEVERAL AREAS WHERE WE CAN WORK TOGETHER, INCLUDING THE MODIFICATION OF OUR RISK-BASED BOARDING MATRIX TO RECOGNIZE GREEN AWARD CERTIFIED VESSELS, OR ADOPTION OF GREEN AWARD QUALITY SHIP IDENTIFICATION CRITERIA FOR A SIMILAR U.S. QUALSHIP PROGRAM.

### **CHARTERERS**

FINALLY, IN TERMS OF IMPROVING QUALITY, PORT STATES MUST HOLD THE ENTIRE CHAIN OF RESPONSIBILITY ACCOUNTABLE. TO THAT END, WE IN THE US HAVE NOT CONSIDERED CHARTERERS IN OUR PSC RISK ASSESSMENT PROCESS.

CURRENTLY, WE CONSIDER THE RECORD OF THE VESSEL OWNER, FLAG, CLASS, TYPE OF VESSEL, AND VESSEL HISTORY ONLY IN MAKING RISK DECISIONS. FOR TANKERS AND BULKERS WE'RE CONSIDERING MAKING THE CHARTERER PART OF THE ASSESSMENT PROCESS AND DEVELOPING A LIST OF CHARTERERS WITH DETENTIONS JUST LIKE WE DO FOR OWNERS, FLAGS AND CLASS.

### **CONCLUSION**

SO, IN SUMMARY, WE SEE SIGNIFICANT PROGRESS TOWARD OUR DESIRED STATE AS INDICATED BY A REDUCTION IN PSC DETENTIONS, BUT ARE STILL NOT SATISFIED WITH THE NUMBER OF VESSELS WE FIND NON-COMPLIANT WITH INTERNATIONAL CONVENTIONS. ALL LINKS IN THE CHAIN OF RESPONSIBILITY MUST DO MORE TO AID IN REACHING THE DESIRED STATE.

FROM THE PERSPECTIVE OF A PORT STATE WE SEE NUMEROUS OPPORTUNITIES TO IMPROVE COMPLIANCE AND ADVANCE TOWARD THE DESIRED STATE IN QUALITY SHIPPING.

- PARTNERING TO SEEK MORE PRODUCTIVE NON-REGULATORY SOLUTIONS;
- INCREASING TRANSPARENCY THROUGH PARTICIPATION IN EQUASIS;
- CREATING INCENTIVES FOR FLAG STATES TO COMPLETE AND SUBMIT SELF ASSESSMENTS AND OTHER INFORMATION TO IMO;
- CONTINUING THE STRONG EMPHASIS ON ISM AND STCW IMPLEMENTATION AND COMPLIANCE;
- CREATING INCENTIVES FOR QUALITY SUCH AS LESS PORT STATE EXAMINATIONS FOR VESSELS DEMONSTRATING QUALITY AND VARIATIONS OF THE “GREEN” AWARD; AND
- INCLUDING CHARTERERS IN THE PSC RISK ASSESSMENT PROCESS.

I LOOK FORWARD TO DISCUSSING THESE IDEAS WITH YOU, AND FURTHER ADVANCING THE QUALITY SHIPPING CULTURE.

THANK YOU.