(SLIDE 1)

1.0 BACKGROUND

1.1 Following a series of boiler explosions on riverboats on the Mississippi River in the middle of the nineteenth century, the U.S. instituted its first federal laws to regulate the inspection of commercial vessels. Over the ensuing years, and usually as a consequence of a marine casualty, the number of laws and regulations concerning vessel inspections steadily increased. In general, these earlier laws and regulations were applicable only to U.S. flag vessels, while in more recent times many domestic laws and regulations have been applied to all vessels operating on the navigable waters of the United States. **(2)**

1.2 In 1968, Congress passed the law, "Fire Safety Standards for Foreign and Domestic Passenger Vessels". As a result, the U.S. began a program to verify that non-U.S. passenger vessels were in compliance with the 1966 Fire Safety Amendments to the SOLAS 60. Thus began the Control Verification Examination program that exists to this day. This program remains the primary reason for the Coast Guard's boarding of non-U.S. passenger ships.

1.3 The environmental movement which began in earnest during the 1960's and 1970's, along with several major oil spills from tankers, provided the impetus for the U.S. Congress to pass various laws aimed at reducing marine pollution on the navigable waters of the country. In 1973, under the provisions of the Federal Water Pollution Control Act, the first comprehensive pollution prevention regulations went into force. These regulations applied to all vessels operating in U.S. waters.

1.4 The Port and Tanker Safety Act of 1978 resulted in specific safety standards for tankers, as well as navigation safety regulations that applied to all vessels operating in the U.S. Thus, from this point forward the United States Coast Guard (Coast Guard) boarded many non-U.S. vessels calling at U.S. ports - with the aim of ensuring their compliance with these domestic laws, which extended to all vessels within the country.

1.5 Following the grounding and subsequent oil spill of the T/V EXXON VALDEZ in 1989, Congress passed the Oil Pollution Act of 1990 (OPA 90). Once again, this domestic law required that all vessels operating on the navigable waters of the U.S. comply with its various requirements. For non-U.S. vessels these requirements include: 1) Certificates of Financial Responsibility (COFR), 2) Vessel Response Plans (VRP), and, 3) double hulls **(3)**

1.6 As a major maritime nation, the U.S. has always been involved with the development of international conventions to protect the safety of life at sea and the marine environment. The U.S. was a prime force within the International Maritime

Consultative Organization (IMCO) at its beginning and continues to work within IMCO's successor, the International Maritime Organization (IMO). Over the years the U.S. has ratified most of IMO's conventions and takes seriously its responsibility to apply these instruments to U.S. vessels engaged in international trade. Similarly, the U.S. also asserts its rights as a port State to enforce the conventions' regulations on non-U.S. ships calling in its ports.

1.7 At the same time that the U.S. was enhancing its various vessel inspection and environmental protection regulations, the international maritime community was drafting new, and amending older international conventions to make them more comprehensive and stringent. As a result, the requirements in the current conventions ~e.g., SOLAS, MARPOL 73/78, STCW, Loadline) are largely equivalent to, or in some cases, exceed those of the U.S.

1.8 Until 1994, boardings on foreign tank vessels and passenger ships focused primarily on navigation safety and pollution prevention to ensure compliance with U.S. regulations. Only in the most extreme or obvious cases did the U.S. Coast Guard intervene under the international conventions (e.g. SOLAS, MARPOL, Loadline) to detain non-U.S. ships. Since 1994, the situation has changed radically.

2.0 THE UNITED STATES - A PORT STATE

2.1 Since the 1970's, the number of U.S flag vessels engaged in international trade has decreased. In 1970, there were approximately 1579 merchant vessels over 1000 G.T. in the U.S. international fleet; approximately 500 currently remain today.

2.2 Today, non-U.S flag vessels carry more than 90% of the international commercial freight arriving or departing the United States. Approximately 8000 non-U.S. ships from almost 100 countries arrive in the U.S. every year. Ninety-five percent of all passenger ships and 75% of all cargo ships (including tankers) entering the country are foreign flagged. **(4)**

2.3 Given the aforementioned statistics it is obvious that the U.S. has become primarily a port State. Considering the reduced size of the U.S. international merchant fleet, the greatest potential threat to U.S ports and waterways now comes from non-U.S. vessels.

3.0 THE CHANGING WORLD FLEET

3.1 As in the United States, other traditional seafaring nations have experienced a decrease in the number of merchant vessels under their flags. Conversely, other nations have had major increases in their fleets.

3.2 In addition to the sheer increase of foreign vessels calling in the U.S., the

overall character of the world merchant fleet has changed. In some cases, the flag States that have experienced the greatest growth in gross registered tonnage are finding it increasingly difficult to ensure full compliance with national and international standards because of the large fleets involved. In other cases, a flag states may simply be unwilling to undertake their international responsibilities. Regardless of the reasons for a flag State failing to administer a viable vessel compliance program, the result is the same - some owners and operators seize the opportunity to gain a competitive advantage, and safety and environmental protection are ignored in favor of economic gain. **(5)**

4.0 THE U.S. PORT STATE CONTROL INITIATIVE - THE MANDATE

4.1 The United States has always been cognizant of its rights as a port State under the various international conventions; however, this right was exercised only in extreme cases of non-compliance. The U.S. relied heavily upon flag States to ensure compliance with the applicable conventions, an assumption that has become increasingly flawed as the profile of the world's fleets has changed. With the United States' emerging status as primarily a port State, many sensed the need to adapt the Coast Guard's Marine Safety program to address the potential risks posed by this changing pattern in shipping.

4.2 In 1994, the U.S. Congress recognized that within the greater influx of non-U.S. ships, there undoubtedly existed a number of substandard vessels that posed an unacceptable threat to the safety of ports, waterways, and the marine environment of the country. Accordingly, the Congress directed the Coast Guard to develop a program to eliminate substandard vessels from the nation's waters, and to submit annual reports on the status of this newly mandated program.

4.3 Along with the increased emphasis on port State control (PSC) came modifications to the Coast Guard's training program for Port State Control Officers (PSCO's). The curriculum of the Marine Inspector's Course (MIC), the foundation course for all marine inspectors, was expanded to include more in-depth training on the pertinent IMO conventions. In addition to the Marine Inspector Course (MIC), Coast Guard inspectors attend resident courses in tanker operations, Passenger Ship (Control Verification) School, inert gas systems and ISO 9000 lead auditor course to name a few. **(6)**

5.0 THE U.S. PORT STATE CONTROL INITIATIVE - THE TARGETING METHODOLOGY

5.1 The number of PSCO's available in the Coast Guard makes it impossible to examine, at each port call, the almost 8000 non-U.S. ships that arrive at U.S. ports each year. Those ships with the highest probability of being substandard should be the first ones boarded by PSCO's in any port. Therefore, the Coast Guard developed an appropriate method to best identify and manage the risk posed by substandard vessels.

5.2 In developing a risk assessment methodology the Coast Guard recognized that three entities directly influence a vessel's operational condition and compliance with international safety and environmental protection standards: 1) owners and operators, 2) classification societies, and, 3) flag States. If any one of these entities fails to fully undertake its responsibilities for a ship's safe operation, that ship is likely to become a substandard vessel.

5.3 In addition to the influence on safety resulting from the actions or inactions of the previously mentioned entities, certain types of ships pose an inherently higher risk to themselves and the cargo they transport. These vessel types include; 1) oil and chemical tankers, 2) gas carriers, 3) passenger ships, 4) bulk freighters more than ten years old, and, 5) any vessel carrying low value commodities in bulk. Similarly, the Coast Guard's previous experience (vessel history) with a particular ship provides another indication of whether not that vessel poses an unacceptable risk.

5.4 Mindful of the above factors and influences, the Coast Guard developed the "Boarding Priority Matrix" as seen here in the slide **(7)**.

5.5 The Boarding Priority Matrix enables the Coast Guard to rationally and systematically determine the probable risk posed by non-U.S. ships calling at U.S. ports and is used as a tool to decide which ships PSCO's should board on any given day, in a given port. Points are assessed in each of the five columns (labeled owner, flag, class, history and ship type). The points within each column are totaled and summed for a total points score. This numerical score, along with other performance based factors, determines a ship's boarding priority. The following summarizes the priority categories and associated operational restrictions which may be imposed on ships by U.S. Coast Guard Captains of the Port: **(8)**

5.6 Having reviewed the procedures for using the Boarding Priority Matrix and the implications of the various boarding priorities, an explanation of the construct of the columns "Owner", "Flag", and "Class" is necessary.

5.7 The Owners List is comprised of the owners or operators of vessels that have had more than one vessel detained by the Coast Guard under the authority of an international convention within the last twelve-month period. The Owners List is

updated monthly with owners and operators added or deleted according to their vessels' boarding histories over the previous twelve months. The revised version of the Owners list is sent monthly to all Coast Guard marine safety offices for their use. This slide illustrates an example of what we send to the units. **(9)**

5.8 The Flag List is comprised of those flag States whose detention ratio exceeds the average detention ratio for all flag States whose vessels call at U.S. ports.

5.9 A flag State's detention ratio is computed by dividing the number of its ships which have been detained in the last three years by the total number of its ships which have called at U.S. ports within the same period. For example, if a flag State has had 3 of its ships detained during the last three years, and a total of 60 of its ships have had U.S. port calls in the same period, the detention ratio would be: 3 /60 x 100% = *5%.*

5.10 The average detention ratio for all flag States is computed by dividing the total number of detentions by the number of total distinct arrivals, for the last three years.

5.11 The Flag List is updated annually on 1 April and remains in effect for the following twelve months. Again, this information is sent to all Coast Guard marine safety offices. **(10)**

5.12 The assessment of the potential risk relative to classification society performance has always been recognized as extremely important. Given that classification societies often act on behalf of a flag State to ensure a ship's compliance with international regulations, the importance of measuring their performance cannot be overstated.

5.13 Classification societies with less than ten distinct arrivals in the previous year are not considered in the averages. If they have been associated with any detentions in the previous two years they are automatically designated for Priority I boarding. If they have not been associated with any detentions in the previous two years they receive zero points in the "Class" column of the targeting matrix.

5.14 Classifications societies with more than ten distinct arrivals in the previous year are evaluated on their performance over the previous two years (beginning in 1998, over the previous three years; i.e. a three year rolling average as is used in assessing flag State performance). Their detention ratios are compared to the average detention ratio and points are assigned as follows: **(11)**

.1 below the average detention ratio = 0 points

.2 between the average and 2 times the average = 1 point

.3 between 2 times and 3 times the average = 3 points

.4 between 3 times and 4 times the average = 5 points

.5 more than 4 times the average = designation as Priority I boarding

5.15 Another feature of the port State control program process is the review and appeal process. When a boarding has taken place and a vessel is detained, Coast Guard Headquarters is immediately notified. The staff at the Office of Compliance review the deficiencies identified to determine whether or not their scope and severity warrant a detention under one or more of the applicable international conventions (SOLAS, MARPOL 73/78, STCW, or Loadline). If so, the detention stands; if not, the Captain of the Port (COTP) is advised that his/her actions are inconsistent with the international regulations. The COTP must then determine if the circumstances at hand still require the vessel to be detained, under a particular U.S. authority instead of under an international convention.

5.16 Every detention case is reviewed in detail at Coast Guard Headquarters to determine to which entity (flag State, classification society, or owner) the deficiencies are attributable. Within 30 days, letters are sent to all involved parties. All are afforded the opportunity to appeal any deficiency attributed to them. Such appeals are first forwarded to the Captain of the Port where the detention occurred, then to the cognizant Coast Guard District Commander, and finally to Coast Guard Headquarters for final disposition. This case review and appeal system ensures to the greatest extent practicable that all U.S. actions pursuant to an intervention and detention are fair and consistent. **(12)**

6.0 OBSERVATIONS AND TRENDS TO DATE

6.1 In 2000, vessel detentions were at an all time low since the inception of the PSC program in 1994. The decrease in vessel detentions is attributable to several factors. In 1994, the rapid rise in detentions was of course due to the establishment of the mandated port State control program. As mentioned previously, beginning in late 1994, the Coast Guard began a special series of training courses for its PSCO's. As a result, PSCO's became more knowledgeable and focused, thus leading to the discovery of more vessel deficiencies during 1995. In 1996, PSCO's began to evaluate fire and lifeboat drills for the first time and in 1997 provisions under STCW began to be examined. The number of detentions in 1996 and 1997 increased at least in part, due to failed emergency drills and non-compliance with STCW *95*. In the ensuing years, the International Safety Management Code (ISM) was enacted in 1998 which focused on quality shipping with more involvement of companies. This has had a quality effect on the shipping industry worldwide as demonstrated by the US statistics. **(13)**

6.2 The average age of the ships detained was 18 years, although some were more than 40 years old. Ninety-one percent of the ships detained were freighters, mostly

smaller bulk carriers. Tankers comprised 8% of the total number of ships detained, while only 1% were passenger ships (which are examined quarterly under the Coast Guard's more stringent Control Verification program).

6.3 This slide graphically depicts detention related deficiencies by category in 2000. **(14)**As you can see, firefighting and lifesaving are still high deficiency items for detained vessels - a clear indication that certain owners, classification societies and flag States were allowing vessels, crews, ports and other vessels to be exposed to unreasonable risks.

6.4 A very positive trend deserves note with regard to classification societies' performance. In 1995, *35%* of vessel detentions were attributable to class. To date, only 14% of detentions have been attributed to class. Clearly the Coast Guard's focus on classification societies has resulted in tremendous improvements within responsible organizations. Co-operation and communication between the Coast Guard and classification societies at the headquarters level has increased. Several organizations carefully track their detention statistics and fully participate in the detention appeal process. As a result, they are better able to initiate appropriate remedial measures to enhance their vessel survey effectiveness.

7.0 INTERNATIONAL CONVENTION ON STANDARDS OF TRAINING, CERTIFICATION AND WATCHKEEPING FOR SEAFARERS, 1978, AS AMENDED IN 1995 (STCW 95)

7.1 Until the advent of the STCW convention, the focus of marine safety was on standards for vessel structures, systems and equipment. Port State control enforcement actions mirrored this emphasis. In more recent years, the international maritime community has begun to realize that human factors play a dominant role in the prevention of marine casualties. As a first step to address the human factor, STCW 1978 provided a means to standardize training, certification and watch keeping requirements for seafarers worldwide. The 1995 amendments take the process an important step farther —the codification of required training elements to ensure the competency of seafarers. STCW 95 has been implemented in a series of changes since 1997. STCW 95 will be fully implemented starting February 1, 2002 **(15)**.

7.2 The U.S. Coast Guard assesses compliance with STCW as a part of its port State control examinations. PSCO's review officers' and crewmembers' licenses and certifications to ensure that the requirements of a vessel's Safe Manning Document are met. PSCO's also review posted watch schedules to determine if watch keeping personnel are working on a schedule which normally provides the required 10 hours of rest, taking into account appropriate deviations permitted under Regulation VIII/1, Fitness for Duty. If watch keeping personnel are not routinely provided adequate rest, or if the personnel for the first watch at the commencement of a voyage are not

adequately rested, the vessel will be detained until the deficiency is corrected.

7.3 The 1995 amendments provide a broader range of control actions to verify that crew members are not only properly certificated, but are also competent to perform their watch keeping duties. If a collision, grounding, or substance discharge has occurred, or if erratic or unsafe ship movements have been observed, the Coast Guard will question the operational watch keeping skills of the officers and crew involved in the incident. Evidence of training is first reviewed. If the evidence is inadequate or unconvincing, a practical assessment will be requested. Such assessments are conducted in co-ordination with the flag State.

7.4 From 1 February 1997, new training requirements became effective; i.e., Vessel Familiarization Training and Basic Safety Training for all seafarers with designated safety or pollution prevention duties via STCW 95. Vessel Familiarization Training is mandatory for all persons employed or engaged on a vessel while Basic Safety Training is required for those seafarers assigned safety duties.

7.5 If during a port State control boarding which includes the conduct of operational drills under the authority of SOLAS Chapter 11, it becomes clear that members of the crew who are assigned safety responsibilities are unable to properly perform their emergency duties, the PSCO will request the master to produce the evidence upon which he relied before the safety duties were assigned. Insufficient evidence may result in a determination that the vessel is being operated in a manner that poses a danger to persons or the environment, and appropriate control action may be undertaken. **(16)**

7.6 In keeping with the mandatory implementation of the ISM Code, the STCW amendments also stipulate new company responsibilities. Under new Regulation 1/14, ship owners are required to ensure that all newly assigned seafarers are familiar with their specific duties and with all vessel arrangements, procedures and vessel characteristics relevant to their duties. The company must also ensure that the vessel's complement can effectively co-ordinate their activities in an emergency situation, and are able to perform the vital functions necessary for safety operation and prevention of pollution. To accomplish some of these goals, companies are required to provide written instructions to the master with policies and procedures to be followed for vessel familiarization. If, during a PSC boarding or casualty investigation, the PSCO finds the instruction missing and the crew demonstrates an inability to coordinate activities, the PSCO may determine that an assessment of watch keeping skills is necessary.

8.0 INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

8.1 Beginning July 1, 1998, Phase I of the ISM Code came into effect under SOLAS Chapter IX for all bulk ships, passenger ships and tank ships (oil, chemical and gas). The objective of the ISM Code is to ensure safety at sea, prevent the occurrence of

human injury or loss of life, and avoid environmental and property damage. Specifically, the ISM Code seeks to address the issues of human error and human omissions. To accomplish its objectives, the ISM Code requires owners of ships, or other organizations such as the managers, or bareboat charterers, who hae assumed responsibility for ship operations, to implement Safety Management Systems (SMS) for their companies and ships. **(17)**

8.2 The key elements of the SMS include documented company guidelines establishing: (1) a company safety and environmental protection policy; (2) instructions and procedures to ensure vessels are operated in accordance with relavent flag state and international regulations; (3) defined levels of authority and lines of communication between, and amongst, shore and shipboard personnel; (4) procedures for reporting accidents and non-conformities with the provisions of the ISM code; (5) procedures for preparing for and responding to emergencies; and, (6) procedures for internal audits and management reviews.

8.3 Phase I implementation went more smoothly than anticipated. However, the Coast Guard continues to find vessels and operators who do not meet the full intent of the ISM Code as evident by the significant increase in ISM related deficiencies issued by our inspectors in the field. One explanation is that ISM for Phase I has been in existence for 3 years and has had time to mature. Phase I vessels have undergone intermediate audits and these audits have revealed shortcomings aboard some vessels as a result of complacency or the shortfalls in management. This combined with the strong ISM training regime for our inspectors resulted in a more 'educated' review of ship's systems.

8.4 Over the past 3 years, the U.S. has seen a 4-fold rise in ISM deficiencies. In the first year of ISM, we had a total of 30 ISM related deficiencies issued. Subsequently, the deficiency rate rose exponentially to 116 ISM related deficiencies this past year. As explained above, we feel that it is related to both complacency aboard some vessels and more 'educated' inspectors in the field.

8.5 Overall, ISM continues to offer an excellent process for institutionalizing quality management practices and improving vessel compliance with safety and environmental standards. Since its inception 3 years ago, the total number of vessels detained has decreased nearly in half. This is largely attributed to the 'quality' enforcement of ISM on worldwide shipping. We look forward to the possible improvements the ISM code may have on the rest of the world shipping fleet for Phase II.

8.6 The Coast Guard intends to apply lessons learned from Phase I implementation to Phase II. All regular freight and container vessels are expected to be in compliance with the ISM code by the July 1, 2002 compliance date.

8.7 Starting (January 1, 2002) 6 months prior to the deadline, the USCG will require all applicable vessels to provide their ISM code certificate information prior to their arrival. This includes DOC/SMC as well as flag state or Recognized Organization information. This information will be entered into our CG database for COTP's to track compliance of

applicable vessels. We will be conducting our normal PSC program boardings in order to verify the vessels are in compliance with the ISM code.

8.8 Letters will be issued to operators of the impending deadline if they do not meet the code as of January 1, 2002. This is solely for informational purposes ot reinforce our zero tolerance approach towards ISM code compliance. These letters are not to be construed as punitive by nature.

8.9 Phase II vessels will not be detained nor civil penalties be issued during this 6-month pre-compliance period.

8.10 Upon completion of the document check, the PSCO will conduct a general walk through of the vessel as part of the regular port State control examination procedures. In the process, the PSCO makes mental notes about how operations are being carried out with respect to the Safety Management System (SMS). Such things as structural deficiencies, problems with lifesaving and fire fighting equipment, machinery operations and maintenance, pollution prevention, or evidence of inadequate crew training will give the PSCO cause to question whether or not the ship's SMS is being properly implemented. The PSCO will then consult with the master and other appropriate vessel personnel to determine where the system breakdown is, what is causing the breakdown, and what remedial actions are necessary to correct the situation. In most cases, the situation should be resolvable aboard the vessel without the need to call in the flag State and certifying organization. If this procedure leads to the conclusion that the system itself is incapable of proper implementation, the SMS will be deemed inadequate and more in-depth control action will become necessary as described below.

8.11 The identification of serious non-conformities will necessitate a broader scope of control action. Such non-conformities include:

.1 Lack of required, or properly endorsed, certificates attesting to the validity of the SMS;

.2 Lack of a Safety Management Manual or equivalent; or,

.3 Major safety system deficiencies, that is, critical systems' procedures required by the Safety Management Manual are not on board (or are inadequate) and the systems in question are severely deteriorated to the extent that they make the vessel unseaworthy or constitute a threat to the crew or marine environment.

8.12 The above types of serious non-conformities provide sufficient clear grounds to question the validity of the ISM Code certificates and the adequacy of the SMS. An expanded ISM Code examination and/or vessel detention will ensue. The flag State and certifying organization will be notified and requested to attend the vessel to participate in the expanded examination.

8.13 During the expanded examination both documentary and operational aspects of the SMS will be addressed. The following documentation will be checked and evaluated:

.1 The company's safety and environmental protection policy;

.2 Procedures for preparation and response to emergency situations including steering failures, loss of bridge control, fire, abandon ship, grounding, flooding, collision, medical emergencies, oil spills, and emergency drills;

.3 Current listing of the company's designated person;

.4 Procedures for reporting to the designated person accidents and non-conformities: and,

.5 Verification that written operational procedures and maintenance manuals required are onboard and understood by the responsible crewmembers.

8.14 In addition, the following operational requirements of the ISM Code will be verified:

.1 Officers and crew are familiar with the SMS and procedures related to their duties;

.2 The company training program is in place for all personnel, including new crew members, and all personnel are familiar with their duties

.3 The officers are familiar with the specified schedule of internal audits and can verify that internal audits have taken place (the PSCO will not examine the results of internal audits, only verify that they are being conducted);

.4 Procedures relating to the correction of SMS shortcomings are documented and appropriate individuals are familiar with the use of these procedures;

.5 Routine maintenance is performed and recorded as required;

.6 Appropriate non-conformities are documented and the SMS is in fact used for the continuous improvement of vessel operations.

8.15 The PSCO may also examine the results of the last external audit performed by the organization issuing the vessel's ISM Code certificates, including the status of any open non-conformities. If after the preceding examination the Coast Guard PSCO determines that the ship's SMS is inadequate, the Captain of the Port will issue an order for the vessel to leave U.S. waters until such time that it can provide evidence that it has

achieved compliance with the ISM Code. Of course, the vessel will be detained ip port until any outstanding deficiencies that pose a threat to the safety of the ship, its crew, or to the marine environment are corrected.

8.16 If a vessel without ISM Code certification requests to enter a U.S. port under a claim of force majeure, the Captain of the Port (COTP) will determine the veracity of the claim and permit port entry if this is necessary. The COTP will also issue an order prohibiting cargo operations and requiring the vessel to depart U.S. waters once the situation leading to the declaration of force majeure has been resolved.

9.0 QUALITY SHIPPING FOR THE 21ST CENTURY

9.1 In order to encourage quality vessel operations, the U.S. Coast Guard developed a Quality Shipping program and began issuing QUALSHIP 21 certificates in March of this year. To meet the criteria, the vessels had to undergo a rigorous filtering process which includes the vessel not being detained in the past 3 yrs, no significant violations or casualties in the past 3 yrs, a successful annual examination within the past year, and association with a non-targeting owner, classification society and flag state.
Incentives: **(18)**

Freight ships are eligible for 2 years of limited US PSC oversight. Tank Ships are the same, but by law must have a very minimalized mid-period after one year.
Passenger vessels are allowed to participate as well. However, we elected not to curtail examinations due to the higher level of risk associated with the carriage of passengers. However, passenger vessels receiving the designation may find that it is a valuable marketing tool.
We are also looking to work with local ports in providing other incentives such as reduced port fees.

9.2 To date 426 vessels from 10 eligible flag states have been enrolled. Eligible flag states include Bermuda, Canada, Denmark, Isle of Man, Luxembourg, Marshall Islands, Netherlands, Norway, Sweden, and the United Kingdom. **(19)**

10.0 CO-OPERATION WITH OTHER REGIONS

10.1 The elimination of substandard shipping is a worldwide concern. Recognizing this the United States has maintained observer status with the Paris MOU, Tokyo MOU, Vina del Mar Agreement and the Caribbean MOU. As other regional agreements become operational, the U.S. will seek to co-ordinate its efforts with these regimes as well. At this point the most important facet of U.S. co-operation with other regional agreements must center on the exchange of information on vessels' status.

10.2 'Transparency' is a key phrase currently used in the international circuit to describe enhanced sharing and free-flow of pertinent port state control information amongst

flag states and MOUs alike. The US and six other nations signed the European Quality Shipping Information (EQUASIS) MOU and the US actively participates in its supervisory and editorial boards. We also provide data on 12K annual US Coast Guard PSC boardings to EQUASIS. The information can be accessed by all parties via a web-based site: www.equasis.org.

10.3 **(20)** As evident through the EQUASIS program, there is a great benefit to be achieved through better exchange of PSC examination results amongst the U.S. and all other regional MOUs. The Coast Guard is currently exploring other options for online or other data exchange modalities. Limited information on U.S. PSC examinations /detentions is currently available through the Internet. Detentions for the past year are posted on the U.S. Coast Guard's Port State Control Website (www.dot.gov/dotinfo/uscg/hq/g-mlpsc/psc.htm). This information, updated monthly, provides the same information found in the Port State control Detention Reports forwarded to IMO (similar to the Forms A and B of most MOUs). Future enhancements of this information source will be the addition of a search engine that will allow a user to search for a specific vessel or detention. The major drawback of this information source is that it is limited to detentions only; information on deficiencies discovered during other PSC examinations is unavailable from this database. A second source of information is the Port Safety Information Exchange (PSIX). This system, which was recently placed on the Internet, provides historical information on USCG examinations of foreign vessels taken from the Marine Safety Information System (MSIS). The major drawback of this system is that it is only updated on a quarterly basis, preventing access to valuable foreign vessel examination information from up to three months prior to a search.

10.4 While greater access to all PSC information is currently limited by hardware and software application limitations, the Coast Guard continues to work to enhance information availability. Major improvements will come with the establishment of the Marine Information for Safety and Law Enforcement (MISLE) this fall. This new system will replace the current Marine Safety Information System. **(21)**

11.0 CHARTERER INITIATIVE

11.1 The Coast Guard is currently pursuing a plan to include charterers as a risk factor used in the targeting matrix. Identification and inclusion of charterers in the targeting matrix will ensure that charterers are held accountable and will further refine the targeting matrix as a risk tool.

11.2 We will use a three-phased approach as follows:

.1 PHASE I: *Data Collection and NPRM Publication* In this phase, we will reconcile the comments received with the NRPM and publish a final rule requiring the reporting of charterer information. All field units will receive charterer information as part of the advanced notice of arrivals. We will continue to track and maintainin a list

of all charterers associated with detentions. This will form the foundation of a targeted charterer list similar to the current list of targeted owner/operators.

.2 PHASE II: *Targeted list and letter issuance*
The list of substandard charterers will be published on our PSC website. To ensure that the charterer involved with a vessel that was detained in a port is aware that they have been associated with a substandard ship, we will mail the charterer a letter notifying them that they will be displayed on our web site as a charterer associating with substandard shipping and that we intend to target them in the future.

.3 PHASE III: *Incorporation into targeting matrix and implementation* . This is the final phase where we will work with the USCG R&D center in incorporating charterers into the targeting matrix. Incorporation into the matrix will be done based on the on-going R & D center study that is examining the relative weightings of the risk factors currently used in the matrix. Once charterers are incorporated into the targeting matrix we will send a letter to the charterer telling them that they have been targeted. The list of targeted charterers will be similar to the way owners and operators are currently targeted. If a charterer is associated with more than two vessels detained within a year, they will become a 'targeted' charterer included on the monthly PSC message to the field and receive points on our targeting matrix.

12.0 CONCLUSION

12.1 The shipping industry serves communities worldwide through the transportation of goods produced and consumed in today's interdependent global society. In addition to the economic and social benefits enjoyed from these goods, there exists a responsibility for their safe carriage. Over the years important international conventions have been developed to ensure the safety of ships' crews and cargoes, and to protect the marine environment. Although ship owners and operators bear the primary responsibility to uphold these conventions, flag Administrations and classification societies are also responsible. The final level of responsibility lies with the flag State. **(22)**

12.2 A decrease in the number of substandard vessels being detained in the U.S is a clear indication that world-wide efforts in the elimination of substandard vessels is working.

12.3 The impending Phase II portion of the ISM Code poses the next challenge for those ships required to have it and the companies/flag states and classification society. Also, the extra involvment of PSC regimes to enforce the standard.

12.4 Although no PSC program can ever be perfect in all respects, the U.S. effort is widely recognized as being fair, as well as being stringent.

1. Detentions are initiated only when a vessel is unfit to proceed to sea or a threat to the marine environment. The Coast Guard initiates detentions in accordance with:

- International Convention for the Safety of Life at Sea (SOLA S), 1974
- International Convention for the Prevention of Pollution from Ships (MARPOL), 73/78
- International Load Line Convention (ICLL), 1966
- International Convention on Standards of Training, Certification and Watch keeping, 1978
  (STCW 78)

2. Voyage damage will not be associated with a classification society non-conformity unless other class related deficiencies are noted during the course of the damage survey.

3. Class non-conformities will only be associated with equipment covered by a survey, conducted by classification society, or in which the classification society has issued the certificate on behalf of the flag State.

4. When multiple deficiencies are noted, ***only those deficiencies serious enough to justify detention*** will be evaluated to determine classification society non-conformities.

5. Outdated equipment (when it is the cause of a detention), will not be associated with a class nonconformity unless the equipment was outdated at the time of the last survey conducted by the classification society on behalf of the flag State.

6. The absence of highly pilferable equipment such as fire hose nozzles, fire extinguishers, etc. will generally not be listed as a classification society non-conformity unless a large number is missing and it is ***within 90 days*** of the last survey by the classification society on behalf of the flag State.

7. Expired certificates will not be associated with a classification society non-conformity unless the certificates were not endorsed or were improperly issued by the classification society when they conducted the last survey on behalf of the flag State.

8. Detentions based on crewing issues, whether conducted in accordance with SOLAS or STCW will not be listed as class non-conformities.

9. A ***time limit of 90 days*** will generally be placed on associating non-

conformities with equipment failures (i.e. non-operational fire-pumps, emergency generators, etc.) unless it is apparent that the deficiency was long standing.

10. Serious wastage or other structural deficiencies ***not caused by voyage damage*** will be listed as a classification society non-conformity.

11. The classification society will be notified in writing in all cases of classification society nonconformities. All cases will be subject to appeal at Coast Guard headquarters and will be responded to in writing.

SLIDE BREAKDOWN AND ORDER

1. intro slide/ front page of presentation
2. Riverboat or explosion of riverboat i.e. SULTANA explosion
3. Picture clearly depicting EXXON VALDEZ
4. breakdown of types of vessels entering US
5. pic of substandard vessel/ w/ very poor maintenance
6. list of Marine Safety Courses interrelated to PSC we can attend
7. targeting matrix
8. priority breakdown (ie. 17 or more points priority I)
9. owners list
10. flag list
11. classification society breakdown from annual report (chart style)
12. class filtering guidelines from annual rpt
13. bar graph w/ year, detention and distinct arrivals
14. list or graph of detention related deficiencies by category
15. picture of cover of STCW 95
16. picture of PSC officers reviewing documents/or mariners
17. picture of ISM code
18. Qualship 21 certificate
19. countries enrolled/eligible for Qualship 21
20. slide w/ our web site cover page and address
21. cover screen of MISLE
22. ship heading off into sunset/horizon