

# Guidance on Good Practices for Ship Vetting



JUNE 2011

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### Disclaimer

The information that is included in this document is given in good faith and while it is accurate as far as the authors are aware, no representations or warranties are made about its completeness. It is not intended to be a comprehensive guide to all detailed aspects of ship vetting. Each company remains responsible for the use of this Guidance and for complying with applicable law.

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## 1. INTRODUCTION

Ship Vetting is a risk assessment process carried out by charterers and terminal operators in order to avoid making use of deficient ships or barges when goods are being transported by sea or by inland waterways.

In application of the Responsible Care principles, this Cefic Guidance on good practices aims to improve the safety, health and environmental performance of the chemical industry. However it is up to each individual company to decide making use of this guidance in full, partly or not at all.

This Guidance is neither a certification system, nor does it set a standard. It is not a pass-fail system and does not result into a shipping company being listed as suitable or unsuitable. The actual selection of a shipping company, ship or barge is solely based upon the individual decision-making process of each chartering company based on its own criteria which may, or may not, be included in this Guidance.

This Guidance does not preclude the development and adoption of systems to improve health, safety and the environment, other than those described in this Guidance.

## 2. BACKGROUND

When in the late sixties a large crude oil carrier grounded and spilled its cargo, the oil industry decided to take action to safeguard the quality and safety standards of the ships transporting its cargoes in order to avoid similar accidents. This triggered the creation of ship vetting departments within the oil companies and the development of industry ship inspection programmes. This initiative was taken up by the chemical industry as part of its Responsible Care programme.

Experience from past accidents clearly indicates that in case of an accident the focus is not only on the ship owners, but more and more on those owning the cargo. Courts requested shippers to demonstrate that before accepting the nomination of the ship, they did everything within their power to ensure that the shipment could be performed in a safe way. It is therefore recommended that every chemical company develops a ship vetting system, including the setting of minimum safety standards, the collection of appropriate data and an adequate assessment of these data before chartering a ship.

Accident statistics and inspection results demonstrate that substandard ships continue to trade, emphasising a continued need for chemical companies to have efficient ship vetting systems in place. Therefore, it is recommended that companies take the following guidance into account.

## 3. SHIP INSPECTION DATA

Access to accurate ship inspection data is the core of a vetting process. Although each individual chemical company may carry out its own ship inspections, valuable use can be made of third party inspection reports. The following industry-controlled ship inspection schemes deserve more attention:

- the Integrated Ship Inspection System (ISIS) of the Chemical Distribution Institute (CDI – [www.cdim.org](http://www.cdim.org));
- the Ship Inspection Report Programme (SIRE) and US Barge Inspection Report Programme (BIRE) of the Oil Companies International Marine Forum (OCIMF – [www.ocimf.com](http://www.ocimf.com));
- the European Barge Inspection Scheme (EBIS) ([www.ebis.nl](http://www.ebis.nl)).

This does not exclude any equivalent ship inspection system which may already exist or which may be developed in future.

These schemes typically make use of uniform ship inspection questionnaires, covering legal compliance as well as industry best practices, and have very rigorous inspector accreditation regimes in order to ensure that the data provided is accurate and consistent.

They are set up and managed by independent organisations which are neither directly nor indirectly linked to Cefic and for which Cefic does not endorse any liability.

#### **4. SHORT DESCRIPTION OF CURRENTLY AVAILABLE SHIP INSPECTION SYSTEMS**

**CDI** inspections are initiated by the ship owner and inspectors are appointed by CDI through a rotation system. The CDI-ISIS scheme focuses on bulk marine chemical and gas transport and provides inspection results in a ‘yes/no’ format to a series of questions, qualified by appropriate observations and remarks. This approach enables a quantitative evaluation of the degree of compliance of ships with international legislation and industry best practices. The template functionality of the CDI database allows the evaluation of compliance with a company’s specific requirements as well as a preliminary risk assessment.

**OCIMF** inspections are initiated by submitting OCIMF members using OCIMF accredited inspectors. Several reports may be available on a particular ship. The OCIMF-SIRE/BIRE scheme provides text type inspection reports for interpretation by marine professionals.

**EBIS** inspections are initiated and conducted by member companies. All inspections carried out on a particular barge are made available to the EBIS members via a central database. It covers oil as well as chemical and gas inland tank-barges in northwest Europe.

Together the above industry schemes cover a substantial part of the world fleet and provide inspection data in a format dictated by their respective memberships.

#### **5. A COMPANY’S SHIP VETTING SYSTEM**

Any ship can be involved in a maritime disaster which may result in the loss of human life, damage to the environment and infrastructure, clean up costs, fines and loss of image for the company. Therefore, it is recommended that companies carry out a risk assessment and properly evaluate the results every time a ship is proposed for any level of business.

##### **Ship vetting policy and acceptance procedure**

A ship vetting policy would typically require that all ships, used for the bulk transport of its products, are assessed according to its ship acceptance procedures (see example in ANNEX 1). Compliance with all regulatory requirements, with best industry practices and with possible own requirements should be ensured, based upon risk identification and management. Such a ship vetting policy may be incorporated in an overall supply chain vetting policy. To be successful it is advisable that the ship vetting policy and corresponding ship acceptance procedures be known by all employees that are involved in accepting ship nominations. The complexity of this task will obviously depend on the company’s internal structure, whereby short communication lines and the full support of top management are essential.

##### **Key aspects**

As already mentioned, an accurate ship inspection report is the core of the vetting process. There must be positive information as mere absence of negative information is not sufficient. The minimum requirements, as outlined in the company’s ship acceptance procedures, need to be rigorously applied to the ship inspection report. This will allow identifying any non-compliance as well as the corrective actions that the ship operator has implemented to remedy these non-compliances.

Additionally there are a number of other aspects that are recommended to be also considered before accepting a ship. These are listed in ANNEX 2.

## 6. CONCLUSION

It is recommended that, before chartering or accepting the nomination of a ship to its terminal, each chemical company carefully assesses the risks involved, utilising all available sources of information, including SIRE, CDI, EBIS and BIRE Inspection Reports, in order to ensure that its requirements are met. Individual companies should therefore utilise the vetting expertise that may exist in-house or make use of agencies, offering third party vetting expertise, in order to carry out a positive vetting prior to approving a ship.

It is further recommended that before a ship can be accepted the different stakeholders (i.e. shipper, loading/discharging terminal and consignee) confirm acceptance of the nomination.

## ANNEX 1: Example of a ship vetting policy document

### [SUPPLY CHAIN] SHIP VETTING POLICY

#### POLICY STATEMENT

The company is committed to ensuring that all products in which it has an interest are carried safely, with the minimum risk to people, the environment and its reputation. To give effect to this commitment the company operates a Vetting Policy whereby all service providers and ships offered for the transport [*and storage*] of bulk [*and packaged*] liquid chemicals and liquefied gases by sea or by inland waterways will be assessed according to the procedures set out in this policy.

#### COMPLIANCE

Compliance with the policy is mandatory for all company businesses that employ transport [*and storage*] service providers.

#### APPLICATION

The policy applies to

- 1 All tankers employed by the company in the transport of bulk liquid chemicals and liquefied gases whatever the commercial terms of product sale or purchase.
- [2 *All liquid storage terminals employed by the company in the storage of bulk liquid chemicals and liquefied gases whatever the commercial terms of product sale or purchase.*]
- [3 *All elements of the marine packed cargo supply chain, which include: Shipping lines, Road hauliers, Freight forwarders and Shipping agents.*]

No ship or service provider to which this policy applies will be used unless it has first been vetted and approved for group use.

***Text between square brackets and in italics refers to aspects that could be used when considering extending the vetting policy to areas other than ship vetting***

## ANNEX 2: Additional aspects for consideration before chartering or accepting nomination of a ship

### Will the ship fit?

Draught, length and height of a ship are some of the critical factors in bringing a ship into a port and mooring at a jetty. There should be alignment of the ship's manifold area and the shore connection. It is also important to consider safe access to the ship and escape routes in the event of emergency. The Ship Particulars Questionnaire (VPQ), attached to the ship inspection report, should provide all information on size, draught, volumes, capacities, equipment, etc.

### Operator fleet profile

Ships are frequently re-chartered for repeat voyages and over time, relationships build up between charterer and ship operator. Recording the performance history for all ships in the operator's fleet is essential. This allows the charterer to identify trends and weaknesses in standards of operation across the fleet.

### Age of ship

Some port states have made age an issue to be considered when chartering a tanker. Irrespective of the actual condition of the ship, blanket bans and refusals to accept ships over a certain age are now common at some ports around the world. In the event of an incident, media attention will immediately focus on the age of the ship. It is therefore advisable for the charterer to consider age limitations within the trading area and any additional requirements placed on older ships.

### History of ship

It is important to assess the history of the individual ship from the moment it was built e.g. bad design and building quality can lead to repetitive incidents with the same root cause through the commercial life of the ship.

### Management assessment

The one-off voyage charter with an infrequently used ship operator may not merit an assessment of the ship's shore management. However, as longer term relationships develop, a meticulous ongoing assessment of the ship manager's performance becomes a critical element in demonstrating due diligence. Whilst the assessment should focus on the technical manager's performance, the assessment must include also the performance of the commercial operator. Particular attention should be given on seeking evidence of the relationship between shore management and shipboard management and verifying the level of support given to the ship and its crew.

### Change of owner/manager

Ships are often sold or transferred between ship managers. Whilst the actual owner of the ship is not necessarily important, the technical management is critical to safe operation. It is therefore important to vet the ship prior to every fixture.

### Port state control (EQUASIS)

In addition to the ship inspection reports, another important source of information in the vetting process is provided by the Port State Control (PSC) inspections. They are accessible e.g. via the European Quality Shipping Campaign (EQUASIS) database ([www.equasis.org](http://www.equasis.org)). As well as confirming the particulars and management of the ship, the ship file provides valuable access to the records of PSC inspections, giving details of the number of deficiencies and any detentions.

### Class records

Checking Class records should allow the identification of key features that could enhance the risk of an intended voyage.

### Casualty data

For vetting purposes, data on marine casualties, defined as any incident involving the ship that caused delay, material damage, danger to life and harm to the environment, should be looked at e.g. CDI-ISIS

provides access to the CDI casualty database giving the casualty history of ships, irrespective of the owner/manager.

#### Terminal and jetty reports

Assessing past performance is important. Readily available sources of information are the short reports made by the loading master on previous voyages. These are not generally in free circulation and seldom shared between charterers or terminals, but when completed, they could be retained to build-up the historic files on the particular ship for future vetting exercises.

#### Press reports

Major marine casualties seldom escape the attention of the media. Media reports should be retained to help complete the charterer's history of the ship.

#### Cargo

The minimum safety criteria or vetting requirements for chartering the ship will be greatly influenced by the cargo to be shipped. Some cargoes have only simple cargo handling requirements, whilst others require complex care in handling and carriage. The vetting exercise has to correlate charterer's carriage requirements with the international legislation and evaluate, at the time of acceptance, if the ship is fit for purpose for the duration of the voyage.

#### Season

Ships are trading around the world, passing in a relatively short period of time from one seasonal zone to another. It should be established that the ship is equipped to face the climatic and other circumstances that go together with the seasonal zones the ship will sail through during the intended voyage.

#### Crew experience

Like in any industry, evidence shows that there is a direct link between incidents and lack of experience and understanding by personnel. The vetting policy will outline the minimum experience and qualifications of the ship's officers and crew. Ship inspection reports provided by the two industry schemes provide this information in the "crew matrix".

#### External communication

The successful implementation of a vetting system will depend largely on the acceptance of the system by the different stakeholders. It will indeed be very difficult to reject a ship, based on negative vetting results, when no vetting clause is incorporated in the commercial contracts, as well as in purchasing, sales, swaps and/or chartering contracts. This vetting clause should establish that the contracted ship should be acceptable by all parties concerned, shippers, receivers and/or terminals. Communicating all vetting requirements to the owners has the advantage that owners can well prepare themselves.

#### Voyage

Despite the continued efforts by IMO to implement international legislation to be applied consistently in all sea areas, regional regimes are becoming common, particularly where water and air pollution prevention are concerned. The vetting officer must be aware of the voyage and regional regimes that may have to be complied with.