



“Reform, Risk, Rubber and Responsibility”

– what do they all have in common?



Believe it or not, had you been at the Piraeus Marine Club on Thursday, 3rd March, 2011 you would have a marine answer to this question; Ship to Ship Transfer.

Why, what were you thinking?

Thomas Miller (Hellas) co-hosted a seminar with OnlineSTS.net and Fendercare Marine on STS. The guest speakers looked at recent regulation, advance preparation, due diligence, screening and practical issues. Thomas Miller, with the aid of a simple case study, aimed the spotlight at what happens if things go wrong.

In a Club “first”, the presentations were even streamed live for the benefit of a few remote-access viewers.

STS transfer may seem like a narrow subject but, with over 10,000 estimated STS transfers a year already, increasing trade use and new regulation, interest in it is broadening. So we thought it would be a good idea for HiLights to give you a flavour of the event the good old fashioned way – in print.

Reform and Risk

Dr Stelios Perissakis and Dr Alexis Glykas of OnlineSTS.net commented on the new IMO Resolution MEPC 186 (59), which came into force on 1st January, 2011, which requires tankers to have an approved STS plan. The Resolution is a response to increasing environmental concerns and accords with the worldwide expansion in regulation.

IMO Resolution MEPC 186 (59)

Introduces:

- Approved STS plan on all ships
- A qualified person must assume role of POAC (Person in Overall Advisory Control)
- 48-hour notification procedure for transfers within an EEZ
- A three-year record keeping obligation for the parties involved

Applies to:

- Oil Tanker vessels of over 150GT
- Transfers of oil cargo between tankers
- STS operations after 1st April, 2012

For operators, in addition to having to prepare an STS plan, there is now a need for detailed quality assessment both of the other ship and of the STS service providers.

OnlineSTS.net advises operators to take the process a step further and screen all parties involved in the STS transfer as an extension of their due diligence practices. The argument for doing so is persuasive when the reputations of some of the largest corporations in the world are at stake.

Rubber

You will not be surprised to hear that being an STS service provider is far more than just being an expert on rubber tyres! Capt George Mills of Fendercare Marine, the world leader in STS operations spoke about what is involved.

The mooring master co-ordinates the transfer but individual ship masters retain statutory responsibility and authority for crew, cargo and ship safety. Safety remains the paramount concern.



Reasons for conducting STS transfers:

- Floating storage
- Draft
- Trading
- Legislation
- Export logistics
- Economy of scale

Fendercare documentary requirements:

- Q88 (INTERTANKO tanker chartering questionnaire)
- Pre-arrival information
- Mooring plans
- OCIMF / ICS Guidelines checklists
- Fendercare checklists
- Risk Assessments
- Base advice
- Weather forecasts
- Equipment condition feedback
- Fatigue monitoring

All STS transfers are conducted strictly in accordance with the OCIMF / ICS Guidelines for Petroleum and Liquefied Gases, consistently safely and efficiently.

Capt Mills talked the audience through the berthing, cargo transfer and unmooring stages.

Responsibility

H1's Nick Milner gave a two-part presentation. Part I concerned liability – both as between the ships themselves and in relation to any third parties. Part II centred

on charterparty clauses. In the process, Nick took the delegates through a case study.

With the COLREGS rendered inoperative by deliberately bringing ships together, the starting point for determining liability is knock-for-knock. However, the position is different when third party claims arise.

Knock-for-knock

“an agreement between the two owners that each shall be responsible for loss or damage to their own property without any recourse whatsoever against the other”

The UK P&I Club asks that STS operations are performed in accordance with the industry standards, today defined in the STS Guidelines. When the new IMO Resolution becomes effective in April 2012, the ship's STS Plan also becomes relevant. The Club's Rules exclude “imprudent practice” but, provided you have followed the recommendations in the STS Guidelines, this should not be a concern.

Damage to the other ship is covered in your H&M policy by virtue of the Collision Liability Clause (formerly Running Down Clause). Nowadays that liability is often split, at least in part, with P&I. Recovery for damage to your own ship is a question for both H&M and the Defence Club underwriters to consider.

STS operations are coming under increasing scrutiny. They are becoming more common and being regulated more tightly. On the evidence so far it would seem that the self-regulation already in place has worked. Is there any reason to doubt that the latest reforms will work just as well?