1. IMO Update

(i) Inert Gas Issue
(ii) MEPC 56 Report – Chemical Issues
(iii) MSC 83 Circular – Annex II Pre-wash : IMO Circular & Optional Shipping Document Available
(iv) BLG 13 ESPH Report

2. Regulatory and Legislative Issues

(i) USCG’s Chemical Transportation Advisory Committee (CTAC) Update
(ii) Chemical Security Facility Regulations Amendments
(iii) HOGANSAC Update

3. Coordination with other Associations

(i) FOSFA issues heating requirements

4. INTERTANKO Chemical Committee meetings

(i) Chemical Tanker Committee meeting (CTC) and Chemical Tanker Sub-committee (Americas) (CTSCA) Updates
1. IMO Update

1. (i) Inert Gas

The INTERTANKO (Council endorsed) position is available on our web site at the following link http://www.intertanko.com/templates/intertanko/issue.aspx?id=25993. Various studies have been undertaken with regard to the inert gas issue and the human element aspects relating to this issue, including submissions to the IMO by the joint Inter-Industry Group, with the active participation of INTERTANKO. These reports are also available on the web site at the above link.

We continue to further the INTERTANKO position that inert gas requirements should be applicable to the product rather than the ship and should thus apply to new and existing vessels, and that the existing regulations pertaining to inert gas need to be simplified. Not all of our industry partners support this view. However, the matter is now successfully included in the IMO work programme, although the matter of new and existing ships will be dealt with separately. The IMO has therefore concluded that although this is a complex issue, there are potential benefits to be derived from the application of inert gas systems in reducing the risk of explosion, and practical safety-related implications for the operation of chemical tankers, and product tankers under 20 000 dwt; hence the new IMO work issue “Measures to prevent explosions on oil and chemical tankers transporting low-flash point cargoes”.

The IMO will first consider measures for new ships, but will also, depending on the outcome of the deliberations on the aforementioned measures, also consider appropriate measures for existing oil and chemical tankers transporting low-flash point cargoes.

The CTC/CTSCA continue to lead on the issue.

1. (ii) MEPC 56 – MARPOL Annex II 3000m³ issue debate concludes at the IMO

As members will be aware, there has been considerable confusion and debate within the industry regarding this issue, particularly concerning IMO Ship Type 2 and Ship Type 3 chemical tankers. Earlier this year, INTERTANKO, in cooperation with Singapore, Norway, and the Marshall Islands, made a joint submission MEPC 56/6/3 to the Marine Environmental Protection Committee (MEPC) highlighting our concerns and views regarding the issue.

During the debate at MEPC 56 (9-13 July 2007) the Committee reached the following conclusion:

The majority of those who spoke agreed with the points raised by the Netherlands and the International Parcel Tankers Association (IPTA) that allowing the carriage of any cargo including vegetable oil in excess of the 3000m³ operational limit on a Ship Type 2 chemical tanker is in violation of the provisions of the Convention and would distort competition and penalise the owners that are compliant with the provisions of the Convention. Therefore the Committee did not agree with the views expressed in document MEPC 56/6/3, MEPC 56/6/7 (Korean Submission) and MEPC 56/6/13 (Liberian Submission) and decided to urge all parties to take into account the outcome of the debate.

There was also discussion of the practice of downgrading a Ship Type 2 to a Ship Type 3 in order to maximise the carriage requirements, and whilst some delegates did say that they did not like this approach, there was a general agreement that it was not illegal to do so.

As a follow-up to the decisions made at MEPC 56, the Marshall Islands have issued Technical Circular No. 10 (Revision 1) dated 28 August 2007, which advises:
“This Administration does NOT support the issuance or maintenance of dual-certification for both Type 2 Chemical Tanker and Type 3 Chemical Tanker notations simultaneously to Marshall Islands registered vessels. Each instance where upgrading or downgrading between Type 2 and Type 3 notations is sought shall be subject to a full survey for compliance with the applicable IBC Code and MARPOL Annex II (revised) requirements for issuance of the appropriate certification, and removal of the previous certification.”

The full technical note can be accessed here and can also be obtained from the International Registries web site at the following link http://www.register-iri.com/content.cfm?catid=58.

1. (iii) MSC 83 - MARPOL Annex II (Pre-wash) IMO Circular & INTERTANKO Optional Shipping Document

During its 83rd Session, (held 3-12 October 2007) the IMO’s Maritime Safety Committee approved a draft MSC/MEPC circular on the provision of information in respect of products carried in accordance with the requirements of MARPOL Annex II and the IBC Code. A copy of this draft circular is contained in IMO document MSC 83/2/3 and may be accessed here.

Parties are requested to bring this circular to the attention of their respective chemical, vegetable oil and oleochemical industries, and to draw attention to their obligation to provide information to the carrier pertaining to the viscosity and melting point of products prior to shipment, in accordance with paragraphs 16.2.6 and 16.2.9 of the IBC Code.

INTERTANKO reported on this item from the 56th session of IMO’s Marine Environmental Protection Committee (MEPC 56) in Weekly NEWS No. 28/2007 of 13 July 2007, in which we advised members that this IMO circular would be issued. At the request of the membership INTERTANKO has issued an Optional Shipping Document for use.

1. (iv) ESPH 13 Report

13th Session of the IMO Working Group on the Evaluation of Safety and Pollution Hazards (ESPH)

INTERTANKO participated in the 13th Session of the IMO Working Group on the Evaluation of Safety and Pollution Hazards (ESPH) of the of the Bulk Liquids and Gases Sub-committee (BLG), held in Tokyo, Japan, from 22-26 October 2007. Agenda items discussed included:

The Evaluation of Cleaning Additives

Consideration of the procedure for the re-evaluation of cleaning additives based on MEPC.1 Circ 590 and re-evaluation of cleaning additives in Annex 10 to the MEPC.2 Circular

61 additives were submitted for evaluation, 50 met the criteria. Ten were rejected in particular because they were missing directions for use in cleaning the cargo tanks of chemical tankers. One cleaning additive contained an element that had not been evaluated by the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP).

Work relative to cleaning additives also included the development of a BLG Circular that will remind the cleaning additive industry that after 1 August 2010, products classified under the old circular (MEPC Circ.363) will cease to be part of the MEPC.2 Circ.

Consideration of the outcome of the most recent session (EHS 44) of the GESAMP/EHS Work Group
The Evaluation of New Products

11 Products were submitted for evaluation by the ESPH Working Group:

1. Orange juice not concentrated
2. Orange juice concentrate
3. Alkyl (c18+) toluenes
4. Calcium alkyl(c10-28) salicylate
5. Alkenoic acid ester borated
6. Calcium long chain alkyl phenate sulphide (C8-C40)
7. Calcium long chain alkyl (C18-C28) salicylate
8. Polyolefin amide alkeneamine polyol
9. Polyalkylalkeneaminesuccinimide, molybdenum oxysulfide
10. Alkyltoluene sulphonlic acids, calcium salts (additional data to be submitted for the next session of GESAMP/EHS)
11. Decyl/dodecyl/tetradecyl alcohol mixtures

These approved products will be included in List 1 of the next Circular of the IMO’s Marine Environment Protection Committee (MEPC) Circular to be published in December 2007.

Review of MEPC.2/Circular – provisional classification of liquid substances transported in bulk related matters

Because of the 31 December 2006 deadline for products relative to the Revisions of Annex II, there were no expiring tripartite agreements in the draft circular.

Review and completion of, as necessary, the information set out to document BLG 11/3/2 on the interpretation of ratings of the GESAMP Hazard Profiles for classification purposes

This discussion, originally proposed at ESPH 11, focused on the interpretations of the ratings of the Revised GESAMP Hazard Profile. These considerations included the interpretation of “NI” (No Information) in the GESAMP Hazard Profiles, toxicity criteria for assigning carriage requirements, procedure for eliminating acute inhalation toxicity ratings, flammable criteria, flammable vapour detection equipment, identification of appropriate fire-fighting media, tank environmental control or personnel safety equipment for emergencies, interpretation of ‘inorg’ in column A2, products shipped not in pure form but used as components in mixtures.

Although the original document fulfilled what was tasked by BLG, it was decided at ESPH 13 that a shorter version of this document, clearly describing the rules necessary to properly interpret and utilise the GESAMP Hazard Profiles for classification purposes, would be more user friendly.
**Consideration of the application of the requirements for the carriage of biofuels and biofuel blends based on BLG 11/10**

ESPH 13 used as a basis for these lengthy discussions BLG 11/10 (a submission made to the BLG by Sweden, U.K. and IPTA addressing biofuel blends). For the purposes of this debate the group agreed with the definitions of biodiesel (100% FAME) and bioethanol (ethanol) found in paragraph 3 of BLG 11/10.

An integral point of the discussion focused on the query “what is the definition of a blend?”. Is the blending a part of the loading process (one cargo loaded on top of another) or is it considered a blending when it takes place onboard?

Following a discussion on how the 15% was determined, it was decided by the group that in order to establish guidance on this, more information was needed on:

- Material Safety Data Sheet (MSDS) on Annex I cargoes (petroleum products);
- The fundamental difference between Annex I and II;
- The Oil Discharge Monitor Equipment (ODME) ramifications relative to operational discharges;
- The current definition of oil as a petroleum (Annex I) product and the hazards associated with this product.

The lack of scientific information may make determining a threshold at this time difficult. After lengthy discussion three types of classification scenarios were proposed:

- 85% or more petroleum oil – the product can be treated as Annex I. However, questions remain on the compatibility of the ODME for some blends.
- 1% or less of petroleum oil mixed with a categorised Annex II – the cargo may be carried as Annex II cargo as listed in the Code.
- Less than 85% petroleum oil, or greater than 1% petroleum oil, shall either be submitted to the Administration under the tripartite process or be carried as a category x product carried in a ship Type 2.

The recommendations based on these discussions regarding biofuel blends will be submitted to BLG for discussion by the Sub-committee at BLG 12 in February 2008. Until then members should continue to consult the interim solution proposed by Sweden, U.K. and IPTA.

**Review of Chapter 19 of the IBC Code**

ESPH 13/9 contained a preliminary review of the synonyms in Chapter 19 of the IBC Code with the intent of clearing up the anomalies that currently exist. Although BLG 11 recommended a review of Chapter 19 by ESPH, it was the decision of ESPH 13 that this work requires specialised expertise. Delegations are encouraged to make this expertise available to the IMO. The target completion date for this work is 2009.

**Review of a draft BLG circular for the use of specific entries in the IBC Code instead of generic entries, when appropriate**

The draft circular was developed, and reviewed. This circular will be contained in the ESPH 13 Report and proposed to BLG 12.
Development of funding arrangements for the work of GESAMP/EHS taking into account the decisions made by MEPC 56 on the agreed option

As was reported, MEPC 56 agreed on the cost-sharing option (between administrations and industry). Although the ESPH also recommended a renewable subscription fee for a five-year period for products in list 2, and this was endorsed by BLG, it was not reflected in the MEPC 56 Report. This will be reiterated in the ESPH 13 Report and brought to the attention of BLG 12.

Next meeting of the ESPH – The next meeting of the ESPH will be held during BLG 12 in London in February 2008.

2. Regulatory and Legislative Issues

2. (i) U.S. Coast Guard (USCG) Chemical Transportation Advisory Committee (CTAC) update

The U.S. Coast Guard (USCG) Chemical Transportation Advisory Committee (CTAC) held its most recent meeting on 1 November 2007 in Arlington, VA. Agenda items from the full CTAC meeting included a report from the CTAC Hazardous Cargo Transportation Security (HCTS) and Outreach Sub-committees. In addition to the Sub-committee Reports, USCG presentations included:

- An overview of the Transportation Worker Identification Card (TWIC) requirements, the current application and implementation schedule
- The USCG new “CHRIS Plus” CD, which contains all the material listed in Attachment “B"
- MARPOL Annex II and OSV Implementation – Changes to the Offshore Supply Vessel (OSV) community and their desire for CTAC to assist the USCG in the application of the Annex II requirements and IMO A.673 to offshore supply vessels.
- U.S. Committee on the Marine Transportation System
- Crew Endurance Management System

As a follow-up to the discussion on biofuels, the CTAC has instructed the MARPOL Annex II Working Group to examine the classification of biofuel blends relative to OPA ‘90 and MARPOL Annex II. This Working Group is chaired by the INTERTANKO Chemicals Manager.

The next meeting of the USCG CTAC is tentatively scheduled for spring 2008.

2. (ii) The Houston Galveston Area Navigation Safety Advisory Committee (HOGANSAC) Update

The Houston Galveston Area Navigation Safety Advisory Committee held its most recent meeting in Houston on 13 September 2007. Relevant updates were given on the various activities of HOGANSAC at the CTSCA #9 (held the day before the HOGANSAC meeting). Of particular interest to the chemical membership are the efforts by the HOGANSAC Deep Draft Entry Facilitation Sub-committee to develop a programme that aims to reduce USCG security boardings. INTERTANKO’s assistance has been requested by members who, along with the Houston
Galveston Area Navigation and Safety Advisory Committee (HOGANSAC), are working with the U.S. Coast Guard (USCG) to produce a “frequent flyer” type programme, whereby certain well-vetted ships calling frequently at Houston/Galveston may enjoy some relief from the current USCG security boardings in this area. If successful, this programme may eventually be expanded to other ports in the United States.

The programme aims to give owners the possibility of gaining “credits”, which would in turn assist in reducing the corresponding number on the Matrix used by the USCG to determine whether or not it should board a vessel for security purposes. If successful, such a programme would not only reduce delays for the owner but also assist in freeing up time and assets which the USCG could use on higher target vessels.

At this initial stage it is necessary to produce adequate data to support the concept of the programme, namely “facts and figures” pertaining to delays in hours and the corresponding cost in U.S. dollars incurred by the delay.

Members who are interested in participating are requested to complete a simple form (which may be accessed here) each time their ships are boarded by the USCG for security purposes, from now until the end of June 2007. The completed forms should be sent via e-mail to Alan Rothenberg, of the West Gulf Maritime Association (WGMA), who is compiling the data on behalf of HOGANSAC. The e-mail address is Alan@WGMA.org and is also included in the form along with further explanatory notes. If e-mail is not available, please return the form by fax to +1-713-307-0691.

INTERTANKO is supportive of the concept and the programme and therefore encourages those who trade to the area to respond to the request because, if successful, this programme will be of great value to members as it could enable vessels frequenting the Houston-Galveston Area to fast track some of the entry processes.

2. (iii) Transport Security Administration (TSA) Chemical Security Regulations

Earlier this year the Transportation Security Administration (TSA) released an Interim Final Rule for High Risk Chemical Facilities. The U.S. Department of Homeland Security (DHS) will require owners of chemical facilities housing certain quantities of specified chemicals to complete a preliminary screening assessment to determine the level of risk associated with the facility. If a chemical facility preliminarily qualifies as high risk, its owners will be required to prepare and submit a security vulnerability assessment and site security plan.

On 6 November 2007 the U.S. DHS announced that there will be an amendment to the chemical facility anti-terrorism standards regulations. The amendment includes “chemicals of interest”. Again, this rulemaking does not directly affect maritime transportation facilities, but it does provide some insight into the approach being taken by the DHS regarding anti-terrorism issues and chemical transportation.

2. (iv) U.S. Coast Guard – differences between visits on foreign ships

As a result of the boarding by the U.S. Coast Guard/U.S. Customs and Border Protection of a member’s foreign flag tanker in Houston in June 2007, the Secretariat invited the USCG Sector Houston/Galveston to attend the INTERTANKO North American Panel meeting on 22 October in Houston, Texas, to explain the various types of “visits” that the USCG conducts on foreign flag vessels.

As explained by Commander Joe Paitl, Chief, Prevention Department, the “visits” are divided into three categories: examinations, investigations and boardings.

- “Examinations” are experienced by all foreign ships on a regular basis and are for the purpose of ensuring compliance with safety, environmental and security requirements.
- “Investigations” are not as frequent and are conducted after casualties, pollution incidents or suspected criminal activity.
- “Boardings” are also not as frequent as examinations. They occur on vessels that are potential security risks, require positive control by the USCG when entering a U.S. port or for the purposes of law enforcement, i.e. drug or migrant interdiction, apprehending persons of interest, etc.
The presentation also provides a good overview of the procedures that the USCG follows when conducting these different "visits", e.g. when IDs will be shown, when weapons may be carried and when crew movements may be restricted.

INTERTANKO recommends that the differences between the various "visits" and the procedures followed by USCG be brought to the attention of ships’ masters and crew, so they will be in a better position to understand the purpose of the USCG’s visit to their ship.

In addition, the ship’s crew should be encouraged to ask the USCG about the purpose of their visit. For “examinations” and “investigations” the USCG should be more than willing to explain the purpose of the visit. However, for “boardings”, especially law enforcement boardings, the crew might not be told the purpose of the visit so as not to put the boarding team at risk.

3. Coordination with other Associations

3. (i) FOSFA Issues Heating Guidelines

As has been reported to the membership in the INTERTANKO Chemical Bulletin and Weekly NEWS, the Federation of Oils, Seeds and Fats Associations (FOSFA) has issued revised instructions (for insertion in its Manual “Carriage of Oils and Fats”). The heating recommendations have been marginally revised as to the temperature ranges for one or two of the oils in line with Codex standards. In addition, FOSFA has included new pages that have been amended to reflect the Federation’s adoption of the former International Association of Seed Crushers (IASC) heating instructions.

Both these changes took effect on 1 September 2007. Members are urged to update their FOSFA manuals accordingly.

4. INTERTANKO Chemical Committee meetings since Chemical Review 01/2007

4. (i) 12 September 2007 Chemical Tanker Sub-committee (Americas) CTSCA #9

The INTERTANKO CTSCA held its 9th meeting at the South Shore Harbor Resort and Conference Center in League City, Texas. The agenda included:

- updates from the U.S. Coast Guard from both Headquarters in Washington, DC, and the Port of Houston,
- discussions and conclusions regarding IMO and MARPOL Annex II implementation
- updates from the committee working groups formed under the auspices of the CTSCA.

4. (ii) 17 October 2007: The Chemical Tanker Committee held its 31st meeting in London

Agenda items discussed at the meeting included:

- An update on the deliberations of the INTERTANKO Best Management Practices (Phase 2) focusing on the control of cargo emissions during tank cleaning operations;
• A report on the work of the tank cleaning terminology working group;

• The outcome of MEPC 56 relative to MARPOL Annex II;

• A report from the U.S. Coast Guard Chemical Transportation Advisory Committee

• A review of a number of draft submissions to BLG 12 to be held in February 2008.

In addition, the CTC also undertook a review of its main Issues, Goals and Objectives, to ensure that the combined work of the CTC and CTSCA remains focused within their Terms of Reference and primary work objectives. A copy of the CTC/CTSCA Issues, Goals and Objectives are included in Annex 1 to the Chemical Review at the end of this document.

The agendas and minutes of the CTC and CTSCA meetings are circulated as a chemical bulletin and made available on the INTERTANKO web site at the following link


4. General Committee Round up

The CTC and CTSCA have been active on a number of other issues throughout 2007 as follows:

• Assisted the IMO in gathering together the information pertaining to the chemicals listed in the IBC Code Chapters 17 and 18 with regard to the missing critical data for evaluation;

• Chaired a USCG work group that assisted the USA with implementation of MARPOL Annex II in the United States including development of the Navigation Vessel Information Circular (NVIC);

• The secretariat has been co-opted to the USCG Chemical Transportation Advisory Committee (USA);

• The secretariat has been co-opted to the FOSFA Oils and Fats Committee (UK);

• Development and implementation MARPOL Annex II 3rd Party Prewash Surveyor Training Module;

• Participation in the API Chemical Measurement Working Group;

• Cooperation with the Documentary Committee to produce a MARPOL Annex II Pre-wash Charterparty Clause

• The regularly issued INTERTANKO Chemical Tanker Bulletins continue to be well received by members. Anyone wishing to receive these need only send their name, company and e-mail address to either howard.snaith@intertanko.com or Margaret.doyle@intertanko.com

Annex 1 can be found on the following two pages.
## Annex 1 CTC/CTSCA Issues Goals & Objectives

<table>
<thead>
<tr>
<th>Issue</th>
<th>Goal</th>
<th>Objective</th>
</tr>
</thead>
</table>
| Chemical Tanker Safety | • Simplify standards  
• Inert Gas requirement applied to product not ship  
• Simplify regulations  
• Apply IG regs to new & existing ships  
• Address Tank Entry Concerns  
• Investigate IG from shore (small tankers) | • Reduce accidents & fatalities by increasing and simplifying the use and application of inert gas.  
• International application through the IMO  
• Increase awareness of tank entry dangers |
| FOSFA Banned Last Cargo Rules | • Undertake a number real time Field Tests to substantiate our proposal (or otherwise)  
• Utilise third party chemical analysis.  
• Cooperate with FOSFA  
• Report to Oils & Fats Committee  
• Develop “Suit case Type test” if initial filed tests indicate the proposal is feasible. | • To conclude field tests and report to FOSFA for their consideration 2007. |
| Tank Cleaning Terminology | • Establish a limited set of tank cleaning standards that can be applied for the majority of bulk liquids carried on Chemical tankers.  
• Promulgate use within the industry  
• Cooperate with shippers & Charterers | • Produce first set of proposed unified cleaning terminology standards for consideration by 2008.  
• Tank cleaning standards shall reflect charterer’s need for objective requirements for tank cleanliness as well as ship’s need for an objective and concrete target value for tank preparation.  
• Each standard should scientifically and practically balance the acceptable risk of last cargo contamination. Finally, the number of standards must be set to a practical minimum. |
| Cargo Vapour Emission Reduction | • Produce Best Practice guidelines for use by INTERTANKO members  
• Stage 1 Inadvertent cargo vapour release  
• Stage 2 Cargo vapour release during tank cleaning  
• Stage 3 Addressing vapour Balancing problems | • Stage 1 Completed.  
• Stage 2 to be completed by March 2008.  
• Stage 3 Under Review and needs to be concluded. |

If such a scheme were feasible due to more robust testing methods, possible to effectively increase the size and flexibility in the shipping fleet available to the oils and fats industry, while still meeting the receiver’s demands for uncontaminated cargoes.
## Issue

### MARPOL Annex II
- New revisions entered into force 1/1/2007
- Smooth transition
- Ensure information available to members and regulators
- Application and guidelines in the USA
- Bio Fuels – rules & training
- MSDS requirements and standardisation under the revisions
- MFAG requirements and guidelines under the revisions
- Viscosity/Solidifying information
- Pre-wash

### Regional Facilitation
- Local issues affecting members trading and impacting on operations.

## Goal

<table>
<thead>
<tr>
<th>Issue</th>
<th>Goal</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARPOL Annex II</td>
<td>• Produce guidance documentation for members MARPOL Annex II</td>
<td>• Completed.</td>
</tr>
<tr>
<td></td>
<td>• Ensure members best interests protected</td>
<td>• Ongoing Process.</td>
</tr>
<tr>
<td></td>
<td>• Coordinate and highlight through IMO/ESPS Ref: MSDS/MFAG problems</td>
<td>• Ongoing process.</td>
</tr>
<tr>
<td></td>
<td>• Cooperate with USA regarding NVIC guidance</td>
<td>• Completed.</td>
</tr>
<tr>
<td></td>
<td>• Ensure Bio-Fuel training and guidance available</td>
<td>• Ongoing Process.</td>
</tr>
<tr>
<td></td>
<td>• Shipping Documentation</td>
<td>• Completed.</td>
</tr>
<tr>
<td>Regional Facilitation</td>
<td>• Active participation with local governing bodies and trade</td>
<td>• Achieve smooth transition on local problems, enhance safety and provide a voice for the tanker industry.</td>
</tr>
<tr>
<td></td>
<td>associations.</td>
<td></td>
</tr>
</tbody>
</table>