

FONASBA

MINUTES OF THE PLENARY MEETING OF THE CHARTERING & DOCUMENTARY COMMITTEE HELD AT THE RITZ CARLTON HOTEL ISTANBUL AT 2.30 p.m. ON THURSDAY, OCTOBER 16th 2003

Present:

Mr. G. Noer
Mr. U. Masucci
Mr. S. Winger

Chairman
President, FONASBA
Acting Vice Chairman

Mr. P. Campbell	Argentina	Mr. A. Symiakos	Greece
Mr. R. Garcia Piniero	Argentina	Mr. T. Theologitis	Greece
Mr. G. Gordon Findlay	Brazil	Mr. S. Finkei	Hungary
Mr. M. Froio	Brazil	Mr. B. Szalma	Hungary
Mr. O. Casado	Brazil	Mrs. T. K. Halldorsdottir	Iceland
Mr. J.C. Gomes	Brazil	Mr. F. Carlini	Italy
Mr. V.J. Simoes Pinto	Brazil	Mr. A. Guadalupi	Italy
Mr. D. Pendjuhoff	Bulgaria	Mr. V. Tottorizzo	Italy
Mr. M. Tudor	Croatia	Mr. T. Iigaki	Japan
Mr. A. Ellinas	Cyprus	Mr. E. Itoh	Japan
Mr. E. Kouzapas	Cyprus	Mr. V. Viacekauskas	Lithuania
Mr. C.P. Papavassiliou	Cyprus	Mr. P. Bohaugen	Norway
Mr. G. Sarris	Cyprus	Mr. A. Belmar da Costa	Portugal
Mr. A. Houtved	Denmark	Mr. V. Banovic	Serbia & Montenegro
Mr. G.J. Heinonen	Finland	Mr. E. Bandelj	Slovenia
Mr. K. Kuusela	Finland	Mr. N. Warner	South Africa
Mr. F. LeBars	France	Mrs. B. Blomqvist	Sweden
Mr. A. Lobadowski	France	Mr. L. Karacelik	Turkey
Mr. K. Bültjer	Germany	Mrs. J. Cardona	USA
Mr. J.A. Good	Great Britain	Mr. S. Digre	Intertanko
Mr. P.J. Wood	Great Britain	Mr. G. Wramfelt	The Shipbrokers Register
Mr. G. Georgopoulos	Greece		

In Attendance:

Mr. J.C. Williams
Mr. S. Larsen

General Manager
Deputy Secretary General BIMCO

Item

1. President's Welcome, Chairman's Opening Remarks

Action

The **President** welcomed all those present to the plenary meeting of the Chartering & Documentary Committee.

The **Chairman** also welcomed all those present and in particular those attending the meeting for the first time. She also thanked **Mr. Larsen** of BIMCO for having made time in his schedule to attend the FONASBA Annual Meeting. Apologies for absence had been received from Mr. P. Smith, Committee Vice Chairman, and as a result **Mr. Winger** had been asked to stand in for this meeting as acting Vice Chairman.

2. **Minutes of the Previous Meeting held October 10th 2002**

The minutes of the meeting had been circulated previously. As no comment had been raised previously or at the meeting, the minutes were taken as **approved**.

3. **Matters Arising**

There were no matters arising that were not otherwise covered in the agenda.

4. **Advisory Panel Reports**

DRY CARGO

Mr. Winger gave a brief report on the current state of the dry bulk market. He said increased demand for shipments to and from China, Japan, India and Korea had sent freight rates to record levels over the past twelve months, with daily earnings for Cape size vessels having risen from US\$ 15,300 in October last year to US\$ 67,240 currently. The earnings for Panamax and Handy-size vessels had increased in similar proportion.

An increase in new-building orders was not expected to have any long term effect on rates and it was expected that so long as demand from China remains high freight rates will stay at or about present levels.

TANKERS

Mr. Wood reported that strong gains in tanker rates early in the period under review had not been sustained throughout the year although earnings remain much higher than at this time last year. The effects of the US-led invasion of Iraq, a cold winter in the northern hemisphere and production problems in Venezuela and Nigeria had not been as severe as initially expected with the result that the increase in earnings had slowed in the second half but the earning index had shown an increase of 76% over the year to September 2003.

Tanker owners had placed significant orders for new vessels, mainly as a result of the decisions to ban single hull vessels and orders in place are equivalent to between 17 – 35% of the current fleet, depending on category. The installation of regasification plants on LNG tankers, which avoid the need for plants to be built at the discharge port and therefore extend the range of ports able to accommodate such vessels, have proven popular and 54 such vessels are now on order. A copy of his report is attached.

SALE & PURCHASE

Mr. Bohaugen confirmed the increase in tanker new-building orders following the decision to ban single-hull vessels and this, together with the lack of capacity, is putting upward pressure on prices. Second-hand prices for dry cargo vessels have shown similar increases. Negotiations with Korea on new-building prices will recommence in Japan end October..

GREECE

Mr. Georgopoulos tabled a written report. A copy is attached. He reported that Greek brokers were active in all sectors of the market. Concentration by owners on newer vessels had reduced the fleet age profile to below 15 years. Ownership had shifted away from small and medium size vessels, with most owners now concentrating on Panamax and Cape size vessels.

Passenger numbers on the inter-island routes continued to rise and the number of containers handled by Greek ports had increased 46% since last year.

5. **Structural Change in the Shipbroking Business**

The meeting discussed at length the changes in the structure of the shipbroking market.

Reductions in the number of charterers through consolidation remained a threat but whilst the number of companies was reducing, the number of shipbrokers continued to increase with large broking houses continuing to recruit. There was also an increasing awareness of the need to fully train staff in order to provide increased and enhanced services to principals.

Outsourcing of services by shipping companies and the resulting opportunity for agents and brokers develop closer links with principals - in order to provide the required services - was another growth area, although this required major investments in staff, time and resources to achieve.

The increasing practice of only using one broker, whilst apparently generating cost savings, brought with it problems of market coverage, ethics and a lack of knowledge of the background and financial standing of the other principal, which could lead to a problems relating to dispute resolution should the need arise.

6. **Problems of E-mail Communication**

Whilst acknowledging the advantages of e-mail as the primary means of communication between shipbrokers - such as ease and speed of use, the ability to send large files quickly and easily and to contact an infinite number of correspondents simultaneously - there was concern that it did not provide irrevocable confirmation of receipt and also that some senders expected instant replies. It was also acknowledged that paper consumption had increased rather than decreased and that the ease of sending the same message to multiple recipients was reducing awareness amongst brokers of the markets covered, or vessels operated, by their correspondents. The loss of personal contact between brokers and their principals was also noted.

As a result, brokers were now using the telephone for personal contact, the fax or even telex as a means of ensuring receipt of documents and e-mail filters to reduce the burden of incoming messages by identifying those messages of relevance to the brokers' business and discarding those that were not. Compatibility of message formats was also a major problem, as were spam and junk mail.

On the question of the legal admissibility of documents exchanged or served by e-mail and counter claims of non-receipt, it was agreed that this would not be defined until a case went to court. **Mr. Larsen** said that BIMCO had warned its members of the problems of legal document exchange by e-mail but it too was awaiting a test legal case.

7. **Education**

It was clear there was an on-going need to ensure that shipbrokers were educated to a high standard, particularly in view of increasing use of technology and the speed with which fixtures were concluded. Increasing specialisation in a particular area of the broking industry had also created a need for individuals to have at least a basic knowledge of other sectors. Furthermore, as older members of the profession retired it was necessary to ensure their knowledge and experience was passed on to their successors, rather than being lost to the industry.

As a result, education programmes were being adapted to accommodate changes in the industry, new methods of provision, including on-line and interactive delivery, and to take into account a reduction in the amount of time students had to devote to education. The industry also needed to ensure that the profession was sufficiently interesting and rewarding to attract graduates and other highly qualified entrants. It was agreed that the 24/7 nature of the industry could prove to be a disincentive, as could lower remuneration levels when compared to other professions.

A round table discussion showed the wide variation in methods of provision of education across the FONASBA membership - ranging from internationally recognised qualifications, such the ICS Professional Qualifying Examination, through compulsory national schemes such in Germany to the proliferation of independent in-house schemes as provided in Japan - but it was clear that education was a critical area for the development of the agency and broking industries.

8. Charterparty Editors Via the Internet

The meeting briefly discussed the two main charterparty editor packages available to brokers. The ASBA package, due for release very shortly, is PC based, using Microsoft Word documents as a base. The package can be used alone or in conjunction with BIMCO's IDEA 2003 application, which allows documents to be edited across the internet. IDEA now has more than 40 forms available, some of which are not BIMCO approved but any document considered inclusion must initially be vetted by BIMCO. Currently more than 500 companies are registered users. BIMCO is in discussion with BP and Shell with a view to their standard documents being added to the IDEA portfolio.

9. Documents and Clauses under Revision

Mr. Larsen advised that the forthcoming meeting of the BIMCO Documentary Committee would consider the following:

- Ongoing revision of the "GASVOY" Charterparty – due for release in May 2004
- Ongoing revision of the "BIMCHEMETIME" Charterparty – due for release in May 2004
- Adoption of the "BOXTIME" Charterparty
- Revision of the "SUPPLYTIME 89" C/P, BIMCO's most successful document.
- Commencement of a revision of the "VOYCOA" Charterparty
- A proposal to revise the "DEMOLISHCON" C/P to ensure that safety, health & environment are well considered
- Produce a modern form of C/P designed for special and heavy lift projects.
- A proposal to develop and ISPS Clause for timecharter parties.
- Draft ice clauses for time charters and
- Draft a fuel sulphur content clause

Mrs Noer would be attending the BIMCO General Meeting and an invitation had been extended to the **President** to attend as a guest of BIMCO.

10. Intertanko Documentary Meeting

Mr. Digre reported that the last meeting of the Intertanko Documentary Committee was held in London in May. A copy of his report is attached to these minutes.

11. Any Other Business

Mr. Georgopoulos advised that he had received information that the United Nations was looking into developing charterparties, bills of lading and other documents and he felt FONASBA should be involved. He also supported the development of the FONASBA Education programme and particularly called for the establishment of a FONASBA specific set of qualifications.

12. Date and Place of Next Meeting

The **Chairman** advised the next plenary meeting of the Chartering & Documentary Committee would take place in Budapest in October 2004.

There being no further business to discuss, the Chairman brought the meeting to a close and thanked the advisory panel for their good support.

JCW/10.03