06084.GEN - Beginning of the Year Safety Letter



RE: BEGINNING OF THE YEAR SAFETY LETTER

It's difficult to look back at 2005 without remembering the devastating twin hurricanes, Katrina and Rita. Many of our friends and colleagues in the industry are still suffering some four months later and will for some months or even years to come. Last year at this time we wrote:

"...We would also like to take a moment to extend our deepest condolences to all those who are suffering from losses, whether they be human or otherwise, in the wake of the recent South East Asian tsunami. It is easy to sit in a part of the world that was not affected and put words to paper. However, in a sense, the catastrophic events affect us all and we must not forget to appreciate what we do have while we have them..."

Little did we know that we would struggle to find the words again this year.

2005 also saw some friends "cross the bar for the final time." Captain Joe Fox, USCG Retired, a Vanuatu safety inspector and investigator, a close friend, and a great supporter of Vanuatu, passed away after a long illness. So too did Captain Fred Perkins, of the Canadian Transport Safety Board, and a fellow MAIIF colleague. Fred fought his cancer for a year before it finally beat him. We will miss you both.

While bearing these losses in mind, we do want to wish everyone a happy and healthy New Year -- 2006! The registry ended the year with close to 600 vessels on the registry: regardless of the actual numbers, we continue to focus our attention on operating a quality and safety conscious registry.

Over the Past Year -- 2005:

- Port State Control detentions of Vanuatu vessels remain low, albeit higher than we would like.
- Safety inspections increased 19% from 2004 levels to a record high of 206.
- Out of the 113 countries other than Vanuatu on the white list, we have signed agreements under STCW 95 with all but 20, to recognize, by endorsement, certificates issued by other administrations.
- We have again been audited to ISO 9001-2000 standards with no non-conformities.
- The number of natural cause and injury related deaths decreased from last year.
- False EPIRB alerts remain a concern. Unidentified alerts continue to plague us.
- We continue to move through ISPS virtually without problem, although we did have 6 minor security related incidents and raised the security level twice, most recently for vessels operating near Somalia.

Looking Ahead:

Registry News and Reminders

- Vanuatu will be exhibiting at the Connecticut Maritime Association's "Shipping 2006" in March, the Offshore Technology Conference (OTC), in Houston this May, and the International Workboat show in New Orleans this December.
- Annual tonnage taxes are due no later than March 31, 2006.
- Report of Ship's Officers (Form A7) must be submitted immediately if not submitted yet.
- \cdot Vanuatu vessels are subject to safety inspections at any time. Vessels may be boarded at any time by any flag state or port state authority.
- · Owners must notify us immediately if vessels are detained or are alleged to have violated IMO Routeing Schemes, Collision Regulations, ITU Radio Regulations, or fishing treaties or conventions. Casualties, injuries, deaths, groundings oil spills and near misses must be reported in accordance with Chapter 7 of the Maritime Regulations.
 - Each vessel must have a Minimum Safe Manning Certificate. For self-propelled vessels these
 must be updated if they do not already address GMDSS or STCW 95 requirements. All deck
 officers on GMDSS equipped vessels must have General Operator's (or higher) Certificates.

• All ISPS "mandatory" vessels must hold valid ISSCs and have CSRs. Interim scheme vessels must comply by July 1, 2008. (See ISPS below)

Regulatory Updates

The Safety of Life at Sea Convention (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), and the International Load Line Convention have been updated. SOLAS

Revised Solas Reg.III/32.3 requires one immersion suit to be provided for each person on board a cargo ship with additional suits to be provided at work and watch-keeping station which are remotely located from the immersion suit storage locations. Date of entry into force is 1 July 2006.

Chapter IV, Regulation 15, amended the annual EPIRB maintenance requirement from "frequency stability, signal strength and coding" to "emission of operational frequencies, coding and registration". Date of entry into force is 1 July 2006.

Chapter V, Regulation 33, includes a new paragraph 1-1 regarding a master's treatment of rescued survivors and obligation of contracting government. Date of entry into force is 1 July 2006.

Chapter II-1, Regulation 3.7, to require ship construction drawings to be maintained on board and ashore. Date of entry into force is 1 January 2007.

Chapter II-1, Regulation 3.8, to require all ships to be provided with arrangements, equipment and fittings of sufficient safe working load to enable the safe conduct of all towing and mooring operations associated with the normal operations of the ship. Date of entry into force is 1 January 2007.

Chapter II-1, Regulations 23.3, concerning water level detectors in the cargo hold(s) on new single hold cargo ships other than bulk carriers. Date of entry into force is 1 January 2007.

Finally, the IMO's Maritime Safety Committee has proposed adopting the following timeline for VDR, or S-VDR, implementation:

- Cargo Ships of 20,000 gt and greater built before 1 July 2002, at the first scheduled dry-docking after 1 July 2006 but not later than 1 July 2009.
- Cargo Ships of 3000 gt but less than 20,000 gt constructed before 1 July 2002, at the first scheduled dry-docking after 1 July 2007 but not later than 1 July 2010.
- Ships that will be permanently out of service within 2 years after the implementation specified are allowed to apply for exemption from the Administration

International Ship and Port Security (ISPS) Code

The Maritime Safety Committee recently decided that the ITC 69 tonnages will be applied to all those vessels for compliance with SOLAS Chapter XI-2 and Part A of the ISPS Code. Thus, vessels of 500 gt (ITC 69 Tonnage) and upwards on international voyages, irrespective of the date the keel was laid, are now required to comply with SOLAS Chapter XI-2 and Part A of the ISPS Code no later than 1 July 2008. Accordingly, any interim scheme vessel issued a "Reconciliation of Tonnage" should review that document. If it conflicts in any way with MSC/Circ.1157, you should request that it be re-issued. See FSL 05081.GEN.

We recommend all vessels that fall into this category begin implementation of the ISPS Code immediately to avoid the late rush prior to the 2008 deadline.

MARPOL

A revised Annex I was adopted and is expected to enter into force on 1 January 2007 with the inclusion of revised Regulations 22 and 23.

Code for the Construction and Equipment of Mobile Offshore Drilling Units (MODU Code)

The 49th session of the Subcommittee on Ship Design and Equipment (DE) will be held at the International Maritime Organization (IMO) Headquarters in London, England. Amongst the numerous agenda items amendments to the MODU Code will be presented. The premise is to update the Code to today's needs and standards and to clarify some of the anomalies and inconsistencies within the Code.

Vanuatu contributed and co-sponsored a submission on the subject.

Load lines

Included in the above DE submission is a paper, submitted by the IMO Secretariat, regarding the Load Line Convention and the applicability of bow height requirements for jack-up rigs.

Other Items of Note

- DANISH VTS RECOMMENDATION (Ref. SN/Circ.224 6 January 2003) Danish authorities have
 established an amended recommendation on navigation through the entrances to the Baltic
 Sea. Ships with a draught of 11 meters or more should use the pilot services locally established
 by the coastal states for the passage. We agree with that position and have imposed this as a
 mandatory requirement for Vanuatu vessels.
- There were 6 fires in machinery spaces this year. We recommend review of all vessel machinery maintenance plans and manufacturers recommendations.
- There are significant consequences if licensed mariners are found without Vanuatu
 endorsements onboard Vanuatu vessels. These can range from monetary penalties, to possible
 suspension or deletion of the vessel from the registry, to port state control intervention,
 detention and delay to the vessel.

I've included a complete list of EPIRB alerts in the year (see Attachment 1). EPIRB alerts can be very costly. Please take action to ensure your vessels' units are not set off unintentionally and that they are properly programmed. In addition, please ensure that you have completed and returned to this office FSL 04073.GEN, verifying the EPIRB's assigned MMSI and Hexadecimal ID.

I have taken the liberty of enclosing a comparison of incidents, other than casualties occurring over the last few years (see Attachment 2). Note the decreased number of incidents in 2005 from 2004. Lastly, I am enclosing a comparison of our fleet safety statistics (Attachment 3) for the last several years. Please review them and note where improvements need to be made.

Best regards,

Donald J. Sheetz Executive Vice President