

The Rise of the Paper Classification Society

Jack Devanney

Center for Tankship Excellence, USA, djw1@c4tx.org

1 Recent Bulk Carrier Casualties

Table 2 summarizes all 2006 or later bulk carrier casualties in the CTX database in which there was a fatality or the ship was lost. As of 2010-04-26, there were 27 such casualties which killed 139 crew men.

Table 1 breaks down these casualties by Classification Society.

Table 1: Breakdown of Table 2 Casualties by Classification Society

Class Name	Class Code	Total Casualties	Total Killed
American Bureau of Shipping	AB	1	9
Bureau Veritas	BV	3	0
China Classification Society	CS	1	0
Germanischer Lloyd	GL	1	0
Korean Register of Shipping	KR	1	13
Lloyds Register	LR	1	26
Nippon Kokkan	NK	7	11
China Corporation Register	Cc	1	13
Panama Shipping Registrar Inc	Pr	1	26
Intermaritime Certification	Im	2	16
International Register	In	1	1
Isthmus Bureau of Shipping	Ib	3	24
No record of any Class	??	4	0
TOTALS		27	139

In eight of these casualties involving 80 dead the ship was classed by what CTX calls a *paper* Classification Society. In the CTX casualty database these Classifications Societies have a code in which the second letter is lower case, In four of these casualties, we know the ship's Class was withdrawn, but we have no record of any replacement Class.¹ ***All but one of our bulk carrier fatalities in the last two years involved ships with a paper Classification Society.***

We need to explain what we mean by a *paper* Classification Society. In a strict sense, all Classification Societies are paper organizations. Classification Societies are simply inspection services which issue a certificate that says the ship meets the Society's requirements to be listed in that Society.² All the Classification Societies in Table 1 are on the same legal footing.

However, there is a big practical difference between the major Classification Societies and the paper Classification Societies. The major Classification societies are large worldwide organizations. For the most part, they use their own full time employees to do the inspections. They have large technical staffs to develop and maintain Rules. And they have sizable assets in building, test facilities, all sorts of subsidiaries, etc.

¹ In theory, this cannot happen. Currently, we don't know how these ships continued to trade. The strange case of the 31 year old, single hull "vegetable oil" tanker Northsea which exploded May, 2007 at the end of off-lightering crude oil off Nigeria killing seven, also involves a ship for which we have no known Class. Lloyds delisted the Northsea in 2005.

² This paper shuffling was pushed to presumably new limits in the case of the tanker Breakthrough when something called Mark Ship Management and a subsidiary New United (International) Marine Services issued all the certificates for the ship for a trip from China to Nigeria in early 2008, naming itself the ship's safety management company, effectively issuing certificates to itself. There is no evidence that Mark/New United ever saw the ship. This was all duly approved by the flag state, Sierra Leone. The Breakthrough barely made it to the Indian Ocean, where it drifted for 21 days before grounding in the Cocos Islands.

The paper Classification Societies have little or no assets and rely almost entirely on part-time or contracted inspectors who are hired on a per job basis. In some cases, they are little more than a nameplate.

In all cases, the ship owner chooses which Classification Society he wants to employ and pay. In all cases, the inspector is faced with competing pressures between keeping the customer happy and approving an unsafe vessel. But in the case of a major Classification Society, if he approves a clearly unsafe ship, and something bad happens, he may lose his job, and his employer will probably be sued. In the case of the paper society, there is no job to lose, and there is little or nothing to sue.

This results in a rather difference balance of pressures. As a result, we are seeing more and more ships, especially late in life, switch from major classification societies to paper classification societies. Here is the Class switch record of the switchers in Table 2, we know about

SHIP	DATE	OLD CLASS	NEW CLASS
California	2006-02-02	Russian Register	Dont Know
Ever Winner	2007-08-30	Russian Register	Dont Know
Zhing Chang 118	2006-07-20	Norske Veritas	Dont know
Da Ji	2006-10-01	China Register	China Corporation Register
Jinshan	2005-??-??	Nippon Kokkan	Isthmus Bureau of Shipping
Te Hsing	2006-06-??	Lloyds Register	Intermaritime Certification
Chang Ying	post 2005	American Bureau	Isthmus Bureau of Shipping
Black Rose	2006-??-??	Lloyds Register	International Register
Pine Trader	2008-09-??	Russian Register	Intermaritime Certification

The sample is very small; but this table indicates it doesn't take long for ships to get into trouble after the switch.³ What happens is that the ship gets into such bad shape that even the normally tolerant and forgiving major Classification society can no longer take the risk of certifying the ship, and kicks her out.⁴ But this does not stop the ship from trading. The owner merely transfers the ship to a paper Class until the nearly inevitable happens.

CTX does not know how much of the bulk carrier fleet is classed by paper Societies; but, as Table 3 shows, we do know there are a bewildering number of them and the list is growing every month.⁵ All that is required to start a Classification Society is to be recognized by a flag state. Many of our Table 2 ships carried Panamanian flag. Panama appears to have a very flexible policy toward recognizing Classification Societies. At least seven of our paper Classes appear to be domiciled in Panama.

CTX has consistently argued that the Classification Society system of self-regulation is inherently defective and unreliable. See *The Tankship Tromedy*. The fact that the regulatee chooses and pays the regulator sets up a debilitating conflict of interest. This argument was based on the major Classification Society. The paper Classification Society circumvents even this weak system. With the rise of the paper Classification Society, no reasonable person can argue that the Classification Society system is doing an effective job of regulating marine transportation.

³ The Flag/Class status of the Pine Trader is quite unclear. Equasis says the ship was flagged St. Kitts, classed Russian Register. But in her last port state inspection in Italy in December, 2008 almost all the certificates were issued by Intermaritime in late 2008. (The Pine Trader had a staggering 24 deficiencies in this inspection.) The South Africans who were aboard her for two weeks after the hull failure attempting to keep her afloat claim she was registered in Panama.

⁴ The actual process is usually a little more complicated than this. Whenever a Class surveyor requests a repair, there is a generally friendly negotiation between the surveyor and the ship owner's representative as to the need and extent of the repairs. If they cannot reach an agreement, the owner then threatens to change Class. If that doesn't work, then the owner will attempt to find a more understanding Class. On paper, most Class withdrawals are initiated by the owner.

⁵ My favorite name is the Phoenix Register of Shipping.

Table 2: Very Major Bulk Carrier Casualties, 2006 on

Based on CTX CDB Version 4.5 as of 2010-04-26T09:35:13

Date	Ship	Dead	Flag	Class	Dwt	YOB	Synopsis
20060127	twin star	0	PA	NK	23701	1998	fog, collision, Twin Star spilt in two, sank, cause?
20060313	bang xing 1	0	PA	Ib	19816	1970	cargo logs, sank, no cause info, paper 'Class', crew rescued
20060324	california	0	PA	??	75720	1979	blackout?, collision, out of class California sank, crew saved
20060503	alexandros t	26	VC	LR	171875	1989	hull failed with a bang, No 6 flooded, then 7,8 sank, 26 dead
20060530	ocean seraya	1	PA	NK	73652	2001	dragged anchor, Karwar, stranded, broke in two, 1 killed
20061006	giant step	10	PA	NK	197061	1985	lee shore in gale, dragged anchor, windless/mn eng failures
20061024	ocean victory	0	HK	BV	175000	2006	part-discharge, left port late, pushed down on jetty by BF10 wind
20070111	golden sky	0	CY	NK	26530	1985	engine failure, Baltic, dragged anchor, stranded, CTL, crew OK
20070112	server	0	CY	BV	33333	1985	stranded north of Bergen, broke up, 300 ton spill, no cause
20070704	clinker carrier	0	BV	BV	61415	1980	Loaded ash, Hold 1 flooded, sank, crew rescued
20070710	orchid sun	13	KR	KR	43611	1985	Hold 1 flooded, capsized and sank 1.5 days later, 13 killed
20070812	new flame	0	PA	CS	43815	1994	collision Gibraltar, standon vsl altered, burdened vsl did not
20070906	amul	0	KM	??	19711	1971	Loaded scrap, ER? flooded, sank?, no class, crew rescued
20071120	ever winner	0	PA	??	19399	1978	loaded iron ore, drifted, sank, no Class?, no details, crew OK
20071127	mezzanine	26	PA	Pr	27265	1975	Typhoon, loaded iron ore, probable hull failure, 26 killed
20071220	zhong chang 118	0	CN	??	43473	1991	collision mouth of Yangtse, sank, no deaths, no details
20080114	da ji	13	PA	Cc	27036	1977	loaded gravel, 'capsized and sank' off Taiwan, 13 killed
20080217	jinshan	2	PA	Ib	18694	1976	Hold 4 flooded off Phillippines, sank, 2 killed
20081010	fedra	0	LR	GL	63940	1984	engine failure, grounded Europa Point, broke in 2
20090518	pine trader	0	KN	Im	30084	1979	hull failure, ER flood, near-grounding South Africa, scrapped
20090623	ioannis nk	0	PA	NK	23791	1977	loaded sugar, probable hull failure, loss of stability, capsized
20090712	te hsing	16	PA	Im	27046	1977	cargo fire, 16 killed, paper Class', many questions?
20090717	asian forest	0	HK	NK	14433	2007	cgo probably over TML, shifted, capsized, crew rescued
20090808	chang ying	22	PA	Ib	61375	1976	rept flooding in typhoon, 22 killed, paper Class, deficiencies
20090826	gulser ana	0	TR	NK	40835	1985	engine failure, grounded southern tip Madagascar, broke in 2
20090909	black rose	1	MN	In	37057	1977	probably cargo shift at anchor, capsized, 1 dead
20091225	aegean wind	9	GR	AB	37302	1983	fire in accom, 9 killed mostly by smoke, no auto shut off of HVAC

Table 3: Class Codes as of 2009-12-14T11:26:55

Code	Name
??	No record of any Class
AB	American Bureau of Shipping
BG	Bulgarski Koraben Registrar
BI	Biro Klasifikasi Indonesia
BV	Bureau Veritas
Bm	Belize Maritime Bureau
Br	International Registry of Belize
Bs	Bureau Securitas
CR	Croatian Register of Shipping
CS	China Classification Society
Cc	China Corporation Register
Fn	Fidenavis S.A.
GL	Germanisher Lloyd
Gm	Global Marine Bureau
HE	Hellenic Registry of Shipping
IR	Indian Register of Shipping
Ib	Isthmus Bureau of Shipping
Il	Inclamar
Im	Intermaritime Certification
In	International Register
Is	Isthmus Maritime Classification
Iv	International Naval Surveys
KR	Korean Register of Shipping
Kj	Korean Classification Society
Ks	Korean Ship Safety Authority
LR	Lloyds Register
Mo	Mongolian Ship Registry
Mt	Maritime Technical Systems
NK	Nippon Kokkan
NV	Det Norske Veritas
Om	Overseas Maritime Certification
PR	Polski Rejestr Stakow
Pc	Panama Shipping Certificate Inc
Pd	Panama Maritime Documentation
Ph	Phoenix Register of Shipping
Pr	Panama Shipping Registrar Inc
Ps	Panama Maritime Surveyors Bureau
RI	Registro Italiano Navale
RM	Registrol Naval Roman
RP	Rinave Portugesa
RS	Russian Maritime Register
Rs	Register of Shipping (Albania)
TL	Turkish Lloyd
UK	Shipping Register of Ukraine
Ub	Universal Shipping Bureau
Um	Universal Martime Bureau
VR	Vietnam Register of Shipping
