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Classification Societies,
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Flags of Convenience

Abstract

Although in the great majority of States, the inspection and certification of vessels are provided as public services, the Classification Societies continue being an essential element in maritime traffic, since the official inspections and certifications generally do not take into consideration certain structural aspects or details of vessels. The starting point is an analysis of the role of the Classification Societies on the global and local scale; a case study in a medium-size port of the European Union, the Port of the Bay of Cadiz, is presented. For the case study, an analysis has been made of 507 vessels between the years 2002 and 2008. From the statistical results, it is concluded that there tends to be a direct relationship between the age of the vessel and its classification by a particular type of Society, both with respect to the profiles of risk and to whether the society is a member of the International Association of Classification Societies. The same occurs with respect to the number of days a vessel is detained as a consequence of the Port State Control (PSC) inspections. Similar relationships between Classification Societies and vessels are observed with respect to the flags States, based on featuring in the Black List of the MoU, and with the subclassification of risks.

1. Introduction

In a previous study (Silos et al. 2012), as part of our research line on trends in globalization and their influence on the progressive process of deregulation in the principal structures of maritime transport (Kovats 2006; Metaxas 1981; Egyan 1988, 1990), we considered the subject of the recruitment of crews. Now we adopt a similar methodology to investigate the role being played today by the ship Classification Societies and related tendencies.

The starting point for this study is an analysis of the evolution of maritime traffic on the global and local scales with a case study (Silos et al. 2012), a medium-size port of the European Union (EU), the Port of the Bay of Cadiz.

1.1 Methodological aspects.

The starting point for this study is an analysis of the evolution of maritime traffic on the global and local scales with a case study (Silos et al. 2012), a medium-size port of the European Union, the Port of the Bay of Cadiz. A global study has been made of the role of the Classification Societies in the control of minimum requirements in maritime safety, using the data of the MoU of Paris and of the MoU of Tokyo, together with data supplied by the IACS.

With the additional object of considering the flag State of the vessels included in the study, the data obtained from the databases of the consultants and international bodies to which we have been able to gain access have been taken into account. These sources are: Drewry Shipping Consultants (DREWRY), Lloyd's Shipping Economist (LL), the Institute of Shipping Economics and Logistics (ISL), the Baltic and International Maritime Council (BIMCO), the European Communities Shipowners Association (ECSA), the International Labour Organisation (ILO) and the International Federation of Transport Workers (ITF).

In the case study conducted (Silos et al. 2012), the sample used is the same as that of the previous study (507 vessels that berthed in the Port of Cadiz between the years 2002 and 2008) but on this occasion a more detailed analysis with the R-Commander statistical has been employed. It is free statistical software, developed as an easy to use graphical user interface

(GUI) for R (freeware statistical programming language) and considered the most viable R-alternative to commercial statistical packages.

1.2 Review of the state of the art.

The recent maritime catastrophes caused by vessels transporting dangerous goods and especially contaminants, have made public opinion more sensitive to the need for stricter and more effective safety requirements for vessels, and particularly the work in this field done by the ship Classification Societies, as stated by Sierra (Sierra 2004). The Classification Societies have a functional rather than legal status (Pulido 2009), and in fact they do not have an accepted legal definition. Both the IMO regulations (IMO 1974) and the Directives of the European Union (EC 1994) try to avoid the use of the term 'Classification Societies', and instead use 'Recognised Organisations' (RO). The Classification Societies deal directly with their clients (usually ship owners, ship operators and shipyards) to whom they provide technical inspection services for ships, under contracts. But, as stated by Pulido (IMO 1974), the reports supplied by the Classification Societies are relevant not only for those customers but also their professional opinions issued in the context of the classification contract are utilized, in practice, by entities not party to that contractual relationship.

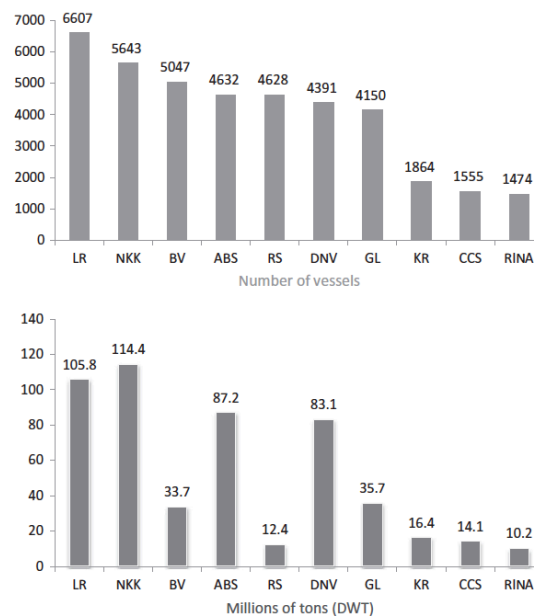


Figure 1. Number of vessels and millions of tons (DWT) registered in IACS Class. Societies.

Source: Authors' own elaboration from ANAVE (Spanish Ship owners Ass.) database.

Many authors have studied the topic of globalization, as we state in the previous study (Silos et al. 2012), with the birth of the Open Registry and the concept of maritime business now transformed into a truly internationalized activity, with the duality of countervailing interests: on the one hand, its character as an international service industry, and on the other, the need to operate within a system based on the concept of the sovereign Nation State (Bergantino and Marlow 1998; Alderton and Winchester 2002; Li and Wonham 1999). It should be recalled that, as long ago as 1994, Boisson (Boisson 1994) anticipated that "Classification Societies are today at a turning point in their history". In the almost ten years since then, it has become

necessary to define the trends in the role of these Societies which had already been described as organisations with a global function by that same author. It is also unclear EMSA's role in implementing the regulations (European Maritime Safety Agency) (Groenleer, Kaeding, and Versluis 2010), although created, as independent entities to enhance uniform implementation, remain highly dependent on the member states and the Commission.

About Port State Control inspections Knapp and Franses (Knapp and Franses 2007) analyzed on a combined dataset based on inspections from various PSC regimes and casualties from three different data sources for a time period of six years, in order to improve areas for targeting substandard vessels. Cariou, Mejia and Wolf (Cariou, Mejia, and Wolf 2008), tested how vessel's characteristics influence the length of time between two PSC inspections. Later (Cariou, Mejia, and Wolf 2009), same authors showed that the main contributors to PSC detention were the age of the vessel at inspection (40%), the recognised organization (31%) and the place where the inspection occurs (17%).

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