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海運學會

# SEAVIEW

# 海運季刊

JOURNAL OF THE INSTITUTE OF SEATRANSPORT

**Reviving Churchill:  
Encouraging Arctic Shipping  
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**The Plastic Epidemic**



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香港船舶註冊處  
香港特別行政區政府海事處  
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Correspondence Address: Room 1605-7C, China Merchants Building, 152-155 Connaught Road C, H.K.  
G.P.O. Box 6081, Hong Kong

Telephone : (852) 2581 0003  
Fax : (852) 2581 0004  
Website : www.seatransport.org  
E-mail : info@seatransport.org

承印：鴻潤印刷公司

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地址：香港九龍旺角西海庭道 8 號  
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電話：(852) 2552 7008

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Safe transport at sea is important. It not only provides a smooth flow of dangerous goods but also protects the safety of life at sea. Being a member of the maritime industry, have you ever thought about how to avoid accidents on board ships at sea?

### **Dangerous goods training**

IMDG code 1.3 (Amendment 38-16) specifies that all shore side staff involved in dangerous goods transported by sea shall be trained. The dangerous goods training is involved three levels as follows:

- General dangerous goods awareness training (mandatory requirement)
- Function – specific training (mandatory requirement)
- Safety training (recommendatory requirement)

The purpose of dangerous goods training is to ensure all shore side staff, including shippers, forwarders, shipping lines, consolidators, container packers and cargo handlers are qualified and capable to execute safety measures in handling dangerous goods in shipping containers. Recurrent dangerous goods training shall be provided periodically to maintain updated IMDG knowledge. Training records shall be kept by the employer for the Competent Authority inspection.

### **Detecting mis-declarations**

Mis-declaration is associated with various unplanned risks, including improper stowage, segregation and packing. These inherent dangers increase the risk of fire and explosion accidents.

#### 1. Calcium Hypochlorite

Several cargo fire accidents have apparently been caused by self-ignition of Calcium Hypochlorite, a powerful oxidizing material. Calcium hypochlorite is a dangerous cargo under UN1748, UN2208, UN2880, UN3485, UN3486 and UN3487. Because of its unstable properties, the IMDG stowage requirement of Calcium Hypochlorite shall be shaded from direct sunlight and all sources of heat and placed in adequately ventilated areas.

A mis-declaration can put the vessel and crew in danger because of incorrect stowage positions with extremely high temperatures. There have been instances where Calcium Hypochlorite has been mis-declared by some dishonest shippers who merely changed the commodity names as Bleaching Powder, Calcium Salt, Chloride of Lime and Whitening Agent, etc. Careful checking of the cargo manifest and Material Safety Data Sheet become critical steps to detect mis-declaration.

## 2. Charcoal

Charcoal is a dangerous cargo under UN1361, UN1362 and UN3088. However, charcoal may not be subject to the IMDG code if it passes the test for self-heating substances as reflected in the United Nations Manual of Tests and Criteria. This exemption requires a correct sampling and certification. In this case, all relevant documents, especially for the self-heating test reports, should be examined before cargo acceptance as non-dangerous goods.

Whatever the cargo nature it is, charcoal shall be declared as special cargo when carried ON DECK stowage. It is very important but unfortunately this rule is often overlooked during the booking process.

## 3. Fumigated Unit

The purpose of fumigation is to eliminate pests and vermin in cargo and packaging. It is a dangerous cargo under UN3359, Class9. Mis-declaration can potentially involve fire accidents and may be fatal to humans. Fumigation chemicals, such as Phosphine and Methyl Bromide, are dangerous to human health, such as damaging to the brain, nervous system, lungs and possibly kidneys.

If the shipper declares a Fumigated Unit as non-dangerous, the following two conditions should be fulfilled:

- The date of ventilation added to the fumigation warning mark

- Gas free certificate provided by the shipper to ensure that no harmful concentration of gas remains.

Furthermore, there are more special requirements for carrying Fumigated Units on board as follows:

- A fumigated cargo transport unit shall not be allowed on board until at least 24 hours after having been fumigated
- On deck stowage is preferred
- Stowed under deck – equipment for detecting fumigant gas shall be carried on the ship with instructions for its use

## Conclusion

A good understanding of the IMDG code provisions through dangerous goods training is the best solution to avoid accidents at sea. All shore side staff should be aware of the IMDG obligations and be competent to handle dangerous goods, particularly for detecting mis-declarations, throughout the supply chain.

Are you and your organization engaged in the transport of dangerous goods trained in the IMDG code? Don't hesitate. It is time to plan, carry out and review the dangerous goods training in an effective way.

---

*(Carman Au: Dangerous Goods Manager, Hamburg Sud HK Ltd.)*



隆 星 航 業 有 限 公 司  
**Grand Seatrade Shipping Company Limited**

3107 Alexandra House,  
16-20 Chater Road, Central, Hong Kong  
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## Law Column - Hong Kong Court upholds jurisdiction clause in bill of lading – with serious consequences for NVOCC

*Wai Yue Loh / Ruaridh Guy / Suki Fung*

*Li Lian International Ltd v. Herport Hong Kong Ltd (MOL Comfort) [2019] HKCFI 826 [2019] HKEC 964*

This decision of the Hong Kong Court illustrates one of the potential risks associated with acting as a Non Vessel Owning Common Carrier.

### The background facts

These proceedings arose from the well-known events resulting in the loss of the container vessel MOL Comfort (the “Vessel”).

Various cargo interests, whose cargo was lost in the incident, sought to bring claims in Hong Kong. They brought those claims against Herport, who had acted as a Non Vessel Owning Common Carrier (“NVOCC”). That was in line with the provisions of the bills of lading that Herport had issued (the “Herport B/Ls”).

Herport then sought to join NYK, to whom they had subcontracted the carriage of the cargo in question, to the Hong Kong proceedings. NYK resisted, on the basis that the terms of the bills of lading that they had issued (the “NYK B/Ls”) gave the Tokyo Court exclusive jurisdiction. Clause 3 of the NYK B/Ls provided as follows:

*“3. (Governing Law and Jurisdiction)  
(a) The contract evidenced by or contained in this Bill of Lading shall be governed and construed by Japanese law except as may be provided for herein, and (b) notwithstanding anything else contained in this Bill of Lading or in any other contract, any and all actions against the Carrier in respect of the Goods or arising out of the Carriage shall be brought before the Tokyo District Court in Japan to the exclusion of the jurisdiction of any other courts whilst any such actions against the Merchant may be brought before the said Court or any other competent court at the Carrier’s option ...”*

Herport obtained leave on an ex parte basis to join NYK and to serve them in respect of the Hong Kong proceedings. NYK challenged that decision.

The issue before the Court was whether the exclusive jurisdiction clause contained in the NYK B/Ls was sufficient for NYK to resist being joined to the Hong Kong proceedings.

### The Court of First Instance decision

The Court of First Instance (the “Court”) gave effect to the exclusive

jurisdiction clause in the NYK B/Ls and held that the previous order for leave to join and serve NYK should be discharged and set aside.

The practical impact of the decision is that Herport are left facing a raft of claims in Hong Kong which they will not be able to pass on to NYK. They are precluded by this decision from suing NYK in Hong Kong and, having not previously sought to bring proceedings in the Tokyo Court, appear now to be time-barred from doing so.

The decision is in line with the practice of the Hong Kong Court, which is to give exclusive jurisdiction clauses made between the parties a “generous” interpretation, in favour of the party seeking enforcement of the clause. The Court will generally give effect to such a clause, unless there are strong reasons for departing from it.

Notwithstanding this general approach, the Court will take a more restrictive approach where there is ambiguity in the clause in question. In this case, however, the Court saw no ambiguity. The phrase “*any and all actions against the Carrier*”, as analysed in the judgment, “*means just that*”.

Herport further sought to argue that this was a case in which there were “*strong reasons*” to depart from the exclusive jurisdiction clause. Such “*strong reasons*” will generally have to be factors not in the reasonable contemplation of the parties at the time when the agreement was made.

Herport’s argument was that it would benefit from a “*juridical advantage*” if it was able to continue with the claim against NYK in Hong Kong, given that the time limit to bring the same claim in Japan had expired. The Court dismissed this argument, saying that the alleged “*prejudice*” Herport would suffer was an “*entirely foreseeable situation of its own making*”. On that basis, the Court concluded that there were no “*strong reasons*” to depart from the exclusive jurisdiction clause.

### Comment

An NVOCC assumes potential liability for damage and/or losses of the cargo, notwithstanding that they are not the actual carrier and have sub-contracted the carriage to someone else. It follows that it is essential for an NVOCC to be sure that they can pass any incoming claim from cargo interests on to the actual carrier (or another party). Here, the differing law and jurisdiction provisions in the two sets of B/Ls left Herport in an unfortunate situation, which was then compounded by not bringing a claim before the Tokyo Court.

Bills of lading are, of course, usually standard form documents, with limited scope for amendment.

Certainly, it is difficult to see in this case that Herport would have had much scope for amending the terms of the NYK B/Ls, even if they had envisaged the potential issue. Herport were, however, in control of the terms of their own B/Ls.

It would have been possible, for example, to have included a clause that would have compelled cargo interests to bring any claims in the same jurisdiction where Herport would have to sue the party to whom they had sub-contracted the carriage. Such a clause is not straightforward (and it would have left Herport involved in two sets of proceedings in an unfamiliar jurisdiction), but it would have prevented the situation Herport ultimately found itself in, where it was in the middle of a chain, but on terms that were far from back-to-back.

Finally, it is unclear from the judgment whether Article III rule 6bis of the Hague Visby Rules might assist Herport with the time limit issue. Certainly, Herport's case

seemed to accept that they would be time-barred from bringing any kind of indemnity claim in Japan. Ultimately, this is a matter of Japanese law and no doubt an issue Herport have examined closely.

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*(Wai Yue Lob:*

*Partner and Chief Representative of Beijing Office, Head of China Practice, Singapore*

*Ruaridh Guy:*

*Managing Associate, Hong Kong*

*Suki Fung:*

*Trainee Solicitor, Hong Kong)*

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Contacts:

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Tel : (852) 3127-5549

Email : [groupcomm@imcindustrialgroup.com](mailto:groupcomm@imcindustrialgroup.com)

Website : [www.imcgroup.info](http://www.imcgroup.info)

# Exploring Marketing and Promotional Strategies in Hong Kong Maritime Museum

*Carmen Sum / Yui-yip Lau*

## Introduction

Start from the Song and Yuan Dynasties (960-1367), “Maritime Silk Road” were created. During the Ming Dynasty (1368-1644), Zheng He led seven extraordinary voyages from 1405 to 1433 to over thirty countries in Southeast Asia, the Red Sea, the eastern coast of Africa and the Indian Ocean. To this end, the maritime trading activities were flourishing between eastern and western regions. Also, various significant maritime events occurred, and thus, it provided valuable information for researchers, policymakers and industry practitioners to generate academic knowledge and contribute to the growth of the maritime industry. Admittedly, maritime education provides a supporting role to generate a human capital in the maritime industry. In terms of maritime education, the maritime museum promotes greater knowledge of world maritime history, investigate local and regional maritime and shipping issues and revisit the key roles of the maritime industry from the past to future. In a context of Asia region, the popular maritime museum are China Maritime Museum in Shanghai, The Museum of Maritime Science in Tokyo, Korea National Maritime Museum in Dongsam-dong, Yeongdo-gu and Busan, The Evergreen Maritime Museum in Taipei, Macau Maritime Museum in the Temple of

A-Ma and Hong Kong Maritime Museum in Central Pier No. 8.

In this article, we used Hong Kong Maritime Museum as our study area due to (1) Hong Kong is a world maritime trading centre and a strategic entrepôt after the First Opium War (1839-1842); (2) Hong Kong has been undergone British colonial in giving a western experience in terms of governance, business model, talents and infrastructure; (3) a variety of maritime-related activities (i.e., passenger transport, harbour operations, traditional maritime China, shipbuilding, nautical instruments, sea bandits, to name but a few) are demonstrated in the museum.

Although the Hong Kong Maritime Museum is considered as a key player in maritime industry, it is still a lack of public awareness and overlooked. In doing so, we propose a series of marketing and promotional strategies to boost up Hong Kong Maritime Museum popularity among the stakeholders in Asia region.

## Marketing and Promotional Strategies

Hong Kong Maritime Museum aims to provide the local community and tourists with exceptional museum experience and learning opportunities of Hong Kong’s heritage, cultural landscape, and maritime

history. Its marketing and promotional strategies could focus on enhancing the interest of the local community and tourists towards the museum and their intention to visit. It could first map out customers' journey phase by phase and then structure all possible touchpoints to reach them effectively throughout the communication process. An omnichannel marketing approach is needed.

The museum has to understand what is interesting to the target markets about the museum, and what factors trigger their return before planning any marketing and promotional strategies. Different message contents have to be delivered to the local community and tourists in order to effectively generate their interest and action.

The local community, including schools, students, parents and kids, usually visit the museum for leisure or learning. They have a greater potential to visit the museum again periodically. The museum could focus on encouraging their returns through different events, exhibitions, school programmes and visits, in addition to the general guided visits. New topics and themes should be introduced from time to time to sustain their interest and revisit intention.

In addition to the existing communication channels like newspaper, MTR billboard, taxi body, mobile advertisements on social community websites, and programmatic and banner ads on desktop media, the museum may expand its online promotion to different

social community platforms to reach parents, such as Baby kingdom, Education Kingdom, Facebook ad, etc. These platforms are popular channels among parents to get information about learning and games. The museum could promote the annual pass instead of the single-entry tickets to induce their revisit intention. A special one-off discount or free gift could be offered for the annual pass to encourage their intention to purchase. This consumer group should also be encouraged to provide basic contact information when purchasing the annual pass, for examples name, email, and contact phone number. The museum could, therefore, promote the forthcoming events and promotions to the opted-in customers directly and at a lower cost.

Other than the parents, the museum could do direct marketing to reach the schools and teachers. They have to plan various extra-curricular activities for students to learn out of the classroom. Visiting museum is one of the activities to support their learning in history, visual arts, science, geography, mathematics, general studies, and liberal studies. Direct marketing is more effective than traditional communication channels to reach this target group. The museum could send out direct mail to schools. The mail package may include promotional materials, newsletter, or updates. The message contents could focus on the learning experiences gained by students and the support provided for teachers to facilitate students' learning. Feedback and experiences from previous schools could also be incorporated into the promotional messages to enhance the

attractiveness of the museum, tours, and visits. These may induce their interests and intention to join.

Tourists usually consider museums as a must-see place when they travel to a new place. They can understand the history and custom of a city through visiting museums. However, they may only visit once, and the possibility of returning is low. Online travel agencies and platforms, search engine optimisation, online advertisements for mobile and desktop media could be adopted to reach tourists when they are planning their visits at the home country. The museum could advertise via billboards at Hong Kong International Airport, Airport Express, and the bus body of the airline buses to enhance its publicity among the tourists after they arrived at Hong Kong. Ticket packages could be offered to induce tourists' intention to purchase. Coalition with transportation, dining, or other attraction points would enhance the attractiveness of the ticket packages. The museum may also include discounted coupons in the package to encourage their visit in the future and word-of-mouth recommendations among their family, friends, peers, and community groups.

An omnichannel marketing approach helps the museum to reach customers in a seamless, integrated, and consistent way. The strategy has to focus on inducing their interests towards the museum and then encouraging them to visit. Different communication channels and strategies have to be used in order to reach different target consumer groups in a more effective way. The museum should keep monitoring

the execution of the communication plan, measure its effectiveness in achieving the communication objectives, and also adjust the plan for the market situation.

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---

*(Carmen Sum:*

*Division of Business and Hospitality Management, College of Professional and Continuing Education, The Hong Kong Polytechnic University*

*Yui-yip Lau:*

*Division of Business and Hospitality Management, College of Professional and Continuing Education, The Hong Kong Polytechnic University)*



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Suite 1308, Two Pacific Place,  
 88 Queensway, Hong Kong  
 Tel : (852) 2522 5171  
 Fax:(852) 2845 9307

香港金鐘道 88 號  
 太古廣場二座 1308 室  
 電話 : (852) 2522 5171  
 傳真 : (852) 2845 9307

## JRC Hostmost Engineering Ltd



YOKOGAWA

### GPS week number rollover for JRC AIS

Please be informed that GPS week number rollover for AIS will occur on August 4 in 2019 at 00:00 AM (UTC), however there is no influence on positioning operation. The subject model is designed to turn the clock back 19.6 years (December 19, 1999), and will continue to work incorrectly under normal use, in this case, the following four abnormalities occur.

- 1) The following log date information will be displayed erroneous.
  - Power on/off history
  - Alarm history
  - Message log
  - Channel management history
- 2) The erroneous date in message 11 of the AIS will be transmitted.
- 3) The erroneous date will be output to Aux port.
- 4) The time determination process is not performed normally and the history is not saved normally.

### Countermeasures:

JRC NTE-180 has finished the maintenance term, therefore it cannot be supported. Please correspond to GPS rollover according to the following table. For replacement with JRC JHS-183, refer to technical information (JD 1361-16).

AIS : JHS-183



the JHS-183 sets the next step for  
 best choice for long range reception

No	Equipment	Serial number	Date of rollover	Type of Internal GPS	Priority	Counter measure	Note
1	JHS-180 NTE-180	BB00001 thru BB04206	2019/Aug/4	GPS7 (Ver1.02)	Immediately	Replace with JHS-183	Production time: September 2002 to March 2004 Total number: 4,600

JRC: Marine Telecom & Navigational Equipment

Yokogawa: Auto Pilot & GyroCompass System

Add: 12/F., Yan's Tower,  
 27 Wong Chuk Hang Road, HK  
 Email: g01host@hostmost.com.hk  
 Tel: (852) 2554 9207 Fax: (852) 2554 5152

Revision-1 Date: 3<sup>rd</sup> Oct 2018

Plastic bottles and trash are littering the oceans and land. Slowly poisoning the humans in more than one way. What one can see is only a small fraction of what's really out there. The writing is on the wall. National, International Administration and Marine regulator (IMO) need to act, on what otherwise could become a serious seafarer's health and an environmental epidemic.

Report published in Channel News Asia (Singapore) on 16 March 2018, based on a study commissioned by Orb Media, a US-based non-profit media, does raise serious concern for all those consuming 'bottled water'.

- Researchers tested 250 bottles of water in United States, Brazil, China, India, Indonesia, Kenya, Lebanon, Mexico and Thailand. Plastic was identified in 93 per cent of the samples, which included major brands such as Aqua, Aquafina, Dasani, Evian, Nestle Pure Life and San Pellegrino.
- Other brands that were found to be contaminated with plastic, include Bisleri, Epura, Gerolsteiner, Minalba and Wahaha.

- Experts cautioned that the extent of risk to human health posed by such contamination remains unclear.
- Some research findings conclude an increases in certain kinds of cancer to lower sperm count to increases in conditions like autism.

### **Health issues:**

Plastic molecules can break down and shed chemicals such as phthalates and bisphenol-A. Effects of these chemicals on human health are of concern to scientists. Plastic also attracts other chemicals in the water that latch on to it, including toxic industrial compounds like polychlorinated biphenyls, or PCBs. Research results so far indicate that Tap water, by and large, is much safer than bottled water.

European Commission is proposing a new EU-wide rule which aims to target Single-use plastic products found on beaches and seas. They plan to get this rolling before the EU elections in May 2019. This would also put EU as a front-runner to drive the 'Plastic reduction regulation' at an international level through G7, G20 groups as well as through the global implementation of UN's 17 Sustainable Development Goals. Most EU members agree that this is urgently necessary to handle the plastic menace.



As per IBWA-International Bottled Water Association the percentage of bottles which are recycled is 23.4%. Which means 76.6% of bottles are left to cause an unassessed environmental impact in an open environment. As per a BBC, report about 8 million tonnes of plastic enters the oceans each year. If left unchecked, this could become 17.5 million tonnes by 2025. Unfortunately plastics accounts for about 70% of marine garbage.

The weight of an empty bottle as per IBWA is about 12.7 grams. If we assume a modest consumption of 24 bottles on a vessel per day, the plastic bottle waste generated by one merchant ship would be 305 grams per day or 110 Kg/year/ship which for an estimated 50,000 ships would amount to 5,500 metric tonnes of plastic bottle waste.

As per Cruise Market watch, there are approximately 26 million passengers travelling annually on cruise vessels. The cruise fleet of 314 vessels with 537,000 passengers at any given time could be generating an estimated 2400 metric tonnes of plastic bottle waste each year. So, the merchant and cruise vessels combined, generate an approximate 7900 metric tonnes of plastic waste, which emerges from 'plastic bottled water'.

Capt. Surendra Dutt, COO of Anglo Eastern Group, Hong Kong, says that their group is fully committed to reducing the use of 'single use' plastic water bottles. Campaigns to highlight the health and environmental hazards posed by single use plastic is an on-going process. This drive inches them closer to a 'plastic free'

ship. With this increased awareness at the seafarer level, Capt Dutt is confident that this drive will facilitate Anglo Eastern in improving their Environmental performance and achieving their sustainability vision.

A 5% non-compliance of MARPOL Annex-5 and the possibility of disposal (advertently or inadvertently) of empty plastic water bottles in open oceans (where no administration monitors) could mean 395 metric tonnes of plastic finds its way in the oceans. This plastic, unfortunately, is also causing harm to the marine species, which consume such plastic and interestingly IMO's BWM convention (Ballast Water Management Convention) aims to protect these marine species.

Hemant Pathania, Managing Director & COO NYK Ship Management Pte Ltd, Singapore believes that NYK group have succeeded in providing healthy water to their ship's staff, contributed to a better environment through reduction in 'plastic waste' and in the process also saved financially on the procurement and disposal of plastic mineral water bottles.

With a seafarer strength of about 25 on each vessel, a company spends an average of about USD 10,000 per/ship/year on bottled water and another about USD 4000 per/ship/year on the cost paid for disposal of empty bottles. That is about USD 14000 per ship per year. For a fleet of 10 ships this would be USD 140,000, which could cover the cost for conducting 3 crew interactive training seminars. The cost of disposal is only going to increase by the day with more countries implementing a strict ant-plastic regime.

## **Possible shipboard solutions:**

### **Technical:**

- Fit Reverse Osmosis water desalination plants on ships.
- Mineralise generated water.
- Designated Fresh water tanks to be regularly cleaned.
- Provide ships with 'Test kits' to test water as well as for E-coli.
- Post the test results on a weekly basis on ship's notice boards.
- Visiting Office staff also consumes the same tank water (Lead by example)
- Ensure that the piping system from designated FW water tanks to dispensers is in good condition. (Change to heat resistant polymers)

### **Phycological:**

- Educate seafarer on the health issues and environmental damage associated with single use plastic water bottles.

### **Regulatory:**

- IMO to bring the onboard generation, storage, purification, test reports, piping system and dispensers under a regulatory scheme. This could also

extend to or supply of fresh water to ships by port establishments and agencies.

Christiana Z. Peppard, Ph.D. professor of theology, science, and ethics at Fordham University in New York City says, despite all recycling efforts, 6 out of 7 plastic bottles consumed in the U.S. are "downcycled". That is sent somewhere out of sight and out of mind.

IMO report published in 2016 on 'Review of the current state of knowledge regarding Marine Litter in wastes dumped at sea' under the London convention and protocol, clearly mentions that, 'The presence of heavy litter in the deep sea is considered an index of shipping traffic, an important sea-based source' (Reference: Ramirez-Llodra et al., 2013). As per this report, plastic (mainly plastic bottles) accounts for more than 70% of plastic litter on continental shelves.

A regulation to curb this menace at the 'generation stage' (which is the procurement and consumption of bottled water in plastic bottles) is increasingly becoming necessary. With guidance and control measures on potable water, tanks, piping, purification, testing and dispensing would make it a robust process. This would be in the interest of Seafarer's health, their well being and that of the environment as well. Ship owners, who are obliged as per ILO-MLC-2006, paragraph A-3.2 to provide clean potable water, will most gladly adopt

this to reduce their financial burden of purchase and disposal of plastic bottles. Unlike BWM, this should be a ‘walk in the park’ for IMO to implement.

John Dama, Marine Manager at Sapura Energy, Australia took up the challenge of finding a solution to overcome potential issues of dumping plastic water bottles to conventional fresh water supply. Given the sensitivity, particularly in Australia with uncertainty of how the Crew, Clients and Unions would react. The risk paid off beyond our expectations. Sapura Constructor have embraced the systems as a significant environmental improvement. Seafarer’s Unions and Australian maritime authorities have supported their initiative.

Whilst under the BWM (Ballast Water Management) convention, the urgency was to protect the marine species, now an amendment to MARPOL Annex-5 seems essential to protect the Seafarer and provide him safe, healthy and plastic free potable water. This becomes all the more necessary since IMO is a significant partner in the UNEP-Managed Global Partnership on Marine Litter. The International community also banks on IMO as their messiah for solutions to shipping related environmental and seafarer related health issues.

*Acknowledgment :*

*This article is re-published from “Seaways” November 2018 , The International Journal of The Nautical Institute on Pages 26-27.*



*(Naveen S Singhal (28th Sep 2018)  
Singapore,  
Marine and QHSE Consultant,  
GRI certified Sustainability consultant,  
Black belt Six Sigma and ISO Standards  
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## **Reviving Churchill: Encouraging Arctic Shipping in Canada's Most Prolific Northern Port**

*Ethan Hamm / Regan Letkemann / Skye Rickner*

---

As one of the most noteworthy ports in northern Canada, Churchill is often the focus of Arctic shipping talks in the country. Shipping in the Arctic has become a more viable option in recent years due to the reduction of sea ice levels as a result of climate change.

Churchill port and rail facilities can be an efficient destination for companies in other landlocked Canadian provinces such as Saskatchewan and Alberta to use in order to cut down overall transportation costs due to the port's intermediacy and its closer sea connections to major port destinations.

The Port of Churchill is likely to become, or at least start out as, a surge port for Canada's grain shipments during the busy spring season when the rail system is at its most functional, as was the case when the federally-operated Canadian Wheat Board (CWB) still had a monopoly over the purchasing of grain in Canada. Early investment into updating the port for modern viability should focus on dry-bulk shipping facilities; it can then expand into containerized shipping as well as liquid-bulk. When the CWB was closed in 2012 and incentive programs dried up, private sellers no longer used the Churchill port, opting for more profitable choices like

the Port of Vancouver or Prince Rupert. Due to this, a major focus for Canadian policymakers should involve finding ways to create demand for the port.

The Federal Government and a 'Consortium' of investors have already begun funding rail and port facility improvements. The Manitoban government can further incentivize use of the port by subsidising or providing tax-breaks for logistics companies in the Thompson area that invest in projects benefiting the port or rail. New facilities will need to be built to handle goods coming in, whether that be efficient cross-docking centres or those that aid in containerization for intermodal transport. Since the rail line has already been incapacitated by flooding in the past, with one particular flood in 2017 cutting off any land-based connection to the remote northern community, projects aimed at mitigating risk through flood protection, even going as far as to build diversions near high-risk flood areas, may be necessary.

The Canadian government needs to ensure that incentives to use the Churchill port are strong, as the past has shown that use of the port was no longer sought after by private companies when the CWB was closed.

Private companies and individuals will not be incentivized to use the port long-term unless its use will bring cost-efficiency and profit for these groups. Proper incentives for logistics companies to invest in port facilities can lower costs for these companies who are then more likely to want to steer their customers towards using the port.

There are social and environmental hurdles that will need to be cleared if the Port of Churchill is going to become successful. Any development in the region surrounding Churchill would need to go through First Nations territory, creating complications. Aboriginal rights are entrenched by Section 35 of the Canadian Constitution, and one of these rights requires that the Canadian government consult First Nations representatives (the 'rights holders') in a meaningful way before beginning any project that would impede on their traditional lands to which they hold title. Recent developments have potentially furthered this requirement for consultation to become a requirement for consent. First Nations Canadians have in the past been against having pipelines implemented on their land. This could very well come up with Arctic shipping development because of how fragile the region's ecosystem has become and how important the area has always been to First Nations community's way of life.

On the topic of the region's ecosystem, it is important to consider the environmental impacts of any new economic activities. Global warming has caused ice to melt in the region, opening

up previously-inaccessible shipping routes which are shorter than conventional routes (e.g., via the Suez Canal). These shortened routes (see figure 1) can lower fuel costs and greenhouse gas emissions, which is why it is important to re-evaluate shipping activities and policies that at present don't utilize the northern routes.

Using the port does come with certain positive externalities for the community. Churchill is currently the only deep-water port in northern Canada, which means that bulk shipping of major supplies (i.e. groceries) to northern communities without an excessive environmental footprint is possible. When the 2017 flood cut off the rail lines connection to Churchill these cost of basic supplies exploded. With a dedicated route through Churchill supplies can be more reliably delivered. Additionally, strict environmental policies can be implemented to increase the environmental awareness of the Arctic region; this could include the creation of a law requiring transportation modes to use certain fuels, such as liquified natural gas (LNG) in comparison to diesel-powered ships. Should a disastrous event such as an ocean spill, train derailment, or flood occurs, proper strategies to mitigate the impact of these events should be well planned ahead of time. Having a step-by-step plan outlined that is publicly visible of what to do in case of a catastrophe will help preserve the social and environmental well-being of the area and its residents.

Moreover, having proper monitoring technology in place from the moment when ships and trains begin their journey

to detect their fuel consumption, route, and other factors can be utilized to generate useful data. The data can be analyzed to find ways to further re-route transportation to create environmentally efficient routes and also prevent future disruption of Arctic ecosystems in the process.

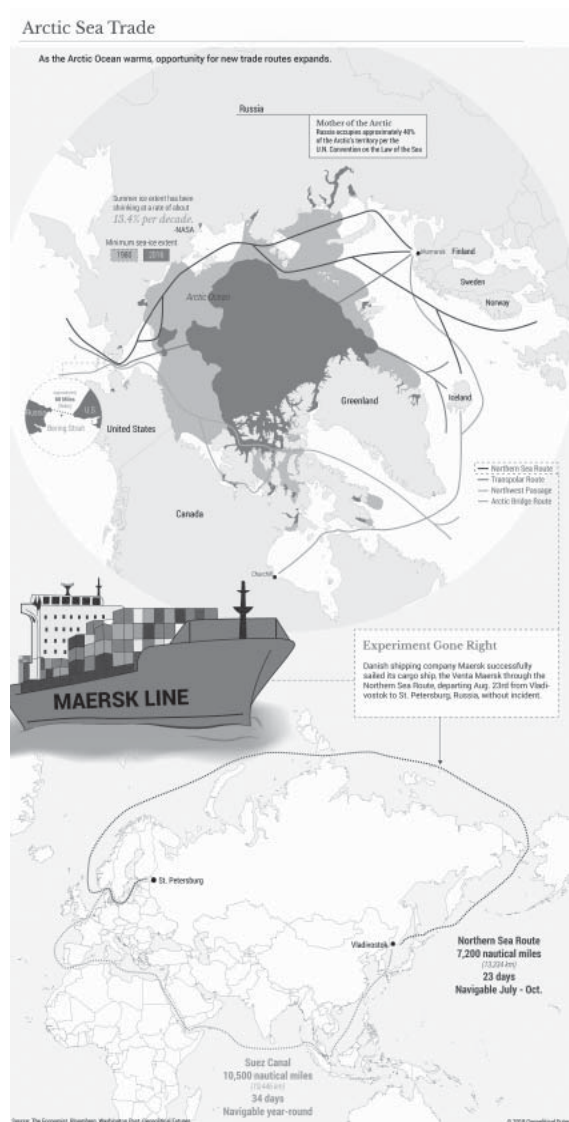
Socially, reinvesting in the port facilities in Churchill should have a positive impact on people in the area. Churchill residents currently have to pay premiums for even basic necessities such as groceries and fuel due to high transport costs and low economies of scale. The development of the port and rail facilities must also supply this community. The Manitoba Government should act quickly by working with companies like the North West Company to provide goods to this community via rail. Those who were laid off due to the closing of the rail facilities should be retrained and rehired. Along with this, training should be subsidized for Churchill residents looking for employment in new job openings. While many jobs in these facilities will require advanced training that cannot easily be provided to residents, such as engineers or analytical positions, those jobs that can be filled with simple training should be filled by those already living near the port. If the town of Churchill is being invested in, the people should be invested in as well.

Churchill had once served as a thriving gateway to and from northern Manitoba and Canada. Although there are many challenges ahead, there are market opportunities that come with enhancing Churchill's port and rail facilities. Through

appropriate restructuring and investment, we believe that Churchill can once again greatly serve the Canadian economy and become a key player in global supply chains.

### Shipping Route

<https://geopoliticalfutures.com/new-route-asia-europe/>



*(Ethan Hamm, Regan Letkemann, Skye Rickner: Asper School of Business, University of Manitoba, Canada)*



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Tel: (852) 3421 1330

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Mobile Phone: 9034 3360

E-Mail: [james.ho@yanhung.com](mailto:james.ho@yanhung.com)

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每一艘商船建成後，我們一般形容一艘船隻的大小是以總噸來說明的。由於船隻的營運方式不同，航運界是以不同的單位來描述船隻。

總噸、淨噸、箱包容積、穀物容積、載重量、排水量等皆是一般商船都有的資料。從貨運角度而言，航運界對下列不同類別的船隻有不同的描述：

### 乾貨輪

箱包容積 (Bale capacity)、穀物容積 (Grain capacity)、或載重量 (Deadweight tonnage)，用來說明可以裝載多少貨物。

### 客船

以排水量 (Loaded displacement) 來說明，一般上是以乘載客人和船員的數目 (No, of passenger and crew) 為基礎。

### 油輪

以載重量或桶 (Barrel) 來說明能載運多少噸或桶的石油。

### 貨箱船

以二十呎標準貨箱 (TEU) 來說明能載運多少個貨箱。一個 40 呎的貨箱等於 2 個二十呎標準貨箱。

### 氣體船

以立方米 (Cubic metres) 來說明可以裝運多少立方米的石油氣體。

### 礦砂船

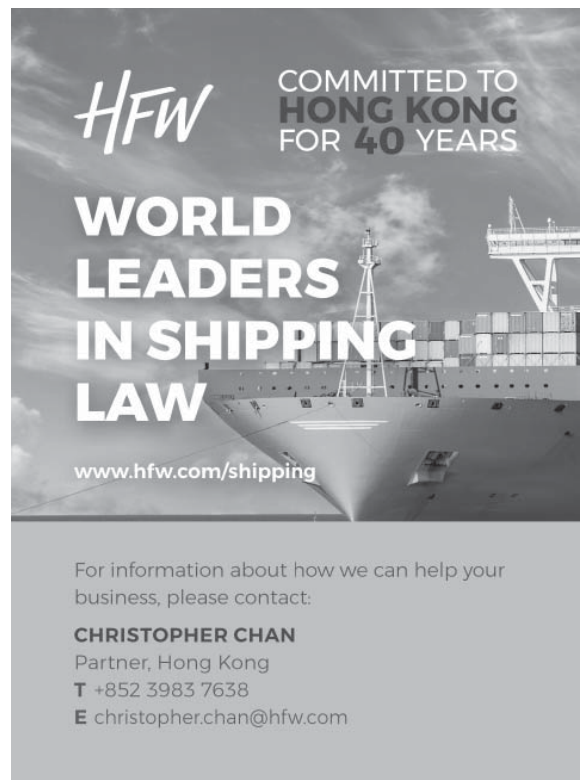
以穀物容積或載重量來說明載貨的數量。

### 運車船

以車輛數目 (No, of vehicle) 來說明。

(林傑：退休船長

*Master Mariner, FIS, MH.)*



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*(As noted in Issue 122 the Editor of this column advised he would visit ITC-Hulls 1/10/83 with the assistance of the book "ITC HULLS 1.10.83" which was written by Mr. D. John Wilson who kindly allowed the Editor copyright on his book for any future editions.)*

### **Clause 21      DISBURSEMENTS WARRANTY**

This is a highly important Clause from an underwriting point of view in that it contains within certain bounds the manner in which a shipowner can place the insurances on his ship and on subsidiary interests such as Freight and Increased Value. It helps to ensure that underwriters receive an appropriate premium for the risks they bear, and it prevents "secret" over-insurances being placed by any owner with fraudulent intentions of scuttling or otherwise casting away his vessel.

For a proper understanding of the purpose of the Clause, it is important to remember that if a ship becomes a total or constructive total loss by an insured peril, this fact automatically entitles the assured to recover a total loss on any subsidiary insurance he has placed such as Disbursements, Increased Value, Freight etc., etc.

Thus, if a shipowner has a vessel which he considers to be worth 1,000,000, and that he needs insurance cover for this sum in the event of a total loss, it used to be possible for him prior to the introduction of the first Disbursements Warranty in 1909 to obtain that cover by slightly devious means at rather less cost than a "straight" insurance on the hull and machinery of the vessel for 1,000,000.

To illustrate the problem the following imaginary example is given with hypothetical rates of premium:

|                                                              |               |
|--------------------------------------------------------------|---------------|
| 1) <u>A "Straight" Insurance on the Vessel for 1,000,000</u> |               |
| Premium to cover total loss at say 0.75%                     | 7,500         |
| Premium to cover partial losses (P.A, GA, RDC & S&L etc.)    | <u>47,500</u> |
|                                                              | <u>47,500</u> |

2) An Alternative Method

|                                                                                |               |               |
|--------------------------------------------------------------------------------|---------------|---------------|
| A) <u>A "Straight" Insurance on the Vessel for an Insured Value of 500,000</u> |               |               |
| Premium to cover total loss at 0.75%                                           | 3,750         |               |
| Premium to cover partial losses, say                                           | <u>31,250</u> |               |
|                                                                                | <u>35,000</u> | 35,000        |
| <br>B) <u>On Increased Value, including Excess Liability for 500,000</u>       |               |               |
| at say 1%                                                                      |               | <u>5,000</u>  |
|                                                                                |               | <u>40,000</u> |

Under Alternative Method 2, the assured is obtaining all the insurance cover he needs at a saving of 7,500 in premium. In the event of total loss he recovers 500,000 from each of the two policies, and every other type of partial loss except Particular Average is also fully covered. A Particular Average loss of, say, 700,000 cannot be repaired and recovered in full on Policy A, but entitles the assured to demonstrate a Constructive Total Loss and recover 1,000,000.

In very general terms, this Clause limits the insurances a shipowner can place on subsidiary interests which pay the sum assured when the vessel is a total loss to 25% of the amount insured on the "straight" insurance on Hull & Machinery. Thus, if the shipowner wishes to recover 1,000,000 in the event of total loss of his ship, he will generally be obliged to place:

|             |   |                  |                                              |
|-------------|---|------------------|----------------------------------------------|
| 80%         | = | 800,000          | on Hull & Machinery                          |
| <u>20</u>   | = | <u>200,000</u>   | (= 25% X 800,000) on , say , Increased Value |
| <u>100%</u> | = | <u>1,000,000</u> |                                              |

and the "normal" premium might be:

|                                                                          |               |               |
|--------------------------------------------------------------------------|---------------|---------------|
| A) <u>"Straight" Insurance on Vessel for 800,000</u>                     |               |               |
| Premium to cover total loss at 75%                                       | 6,000         |               |
| Premium to cover partial losses, say                                     | <u>36,500</u> |               |
|                                                                          | <u>42,500</u> | 42,500        |
| <br>B) <u>On Increased Value, including Excess Liability for 200,000</u> |               |               |
| at say 1%                                                                |               | <u>2,000</u>  |
|                                                                          |               | <u>44,500</u> |

Dealing now with the detailed provisions of the Clause:

**21.1** *Additional insurances as follows are permitted:*

**21.1.1** *Disbursements, Managers' Commissions, Profits or Excess or Increased Value of Hull and Machinery. A sum not exceeding 25% of the value stated herein.*

If the vessel is engaged in the liner trade, with freights prepaid and not at risk, it will probably be most suitable for the shipowner wishing to recover 1,000,000 in the event of the total loss of his vessel to insure the vessel on a valuation of 800,000, and to insure the remaining 200,000 (=25%) on one of the above headings, and subject to the Institute Total Loss & Excess Liabilities Clauses ( Disbursements, etc. ).

**21.1.2** *Freight, Chartered Freight or Anticipated Freight, insured for time. A sum not exceeding 25% of the value as stated herein less any sum insured, however described, under 21.1.1.*

**21.1.3** *Freight or Hire, under contracts for voyage. A sum not exceeding the gross freight or hire for the current cargo passage and next succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance. In the case of a voyage*

*charter where payment is made on a time basis, the sum permitted for insurance shall be calculated on the estimated duration of the voyage, subject to the limitation of two cargo passages as laid down herein. Any sum insured under 21.1.2 to be taken into account and only the excess thereof may be insured, which excess shall be reduced as the freight or hire is advanced or earned by the gross amount so advanced or earned.*

If the ship worth 1,000,000 is engaged in "tramping", where the freights will often be at risk, the shipowner will require greater cover than 1,000,000, and for some of the total amount to be specifically insured on Freight in order to cover partial losses of Freight and general average contributions attaching to Freight.

Let us assume that the shipowner considers that the maximum voyage freight he is likely to have at risk is 200,000 and that, therefore, he needs total cover of 1,200,000. He has two choices open to him:

1) He can insure 800,000 on Hull & Machinery and 200,000 on, e.g., Increased Value as previously, and take out individual voyage insurances on the freights at risk to him as set out in detail under 21.1.3. However, if the clerical work appears too much and he prefers some more permanent insurance on all freights to be earned during twelve months .....

2) ..... he can insure Freight for time under 21.1.2 in an amount representing the freight he is likely to have at risk on any voyage – e.g. 200,000 – and insure as follows:

|                         |                     |
|-------------------------|---------------------|
| 200,000                 | on Freight for Time |
| <u>40,000</u>           | on Increased Value  |
| 240,000                 | (= 25% X 960,000)   |
| <u>960,000</u>          | on Hull & Machinery |
| <u><u>1,200,000</u></u> |                     |

(Other permutations are clearly possible, dependent on rates of premium charged and general wishes of the assured etc.)

**21.1.4** *Anticipated Freight if the Vessel sails in ballast and not under Charter. A sum not exceeding the anticipated gross freight on next cargo passage, such sum to be reasonably estimated on the basis of the current rate of freight at time of insurance plus the charges of insurance. Any sum insured under 21.1.2 to be taken into account and only the excess thereof may be insured.*

This is another variation of 21.1.2 and 21.1.3, appropriate in those cases where no charter has been arranged, but the vessel is proceeding in ballast to an area where it is hoped that a freight can be found.

**21.1.5** *Time Charter Hire or Charter Hire for Series of Voyages. A sum not exceeding 50% of the gross hire which*

*is to be earned under the charter in a period not exceeding 18 months. Any sum insured under 21.1.2 to be taken into account and only the excess thereof may be insured, which excess shall be reduced as the hire is advanced or earned under the charter by 50% of the gross amount so advanced or earned but the sum insured need not be reduced while the total of the sums insured under 21.1.2 and 21.1.5 does not exceed 50% of the gross hire still to be earned under the charter. An insurance under this Section may begin on the signing of the charter.*

A shipowner may build a vessel and commit her under long term time-charter for, e.g., 5, 10 or 15 years. On signing the charter, the shipowner has an insurable interest in the whole of the hire – money to be earned throughout the period of the charter. However, underwriters do not wish the owner to insure such potentially vast figures (even if the shipowner was so inclined!), particularly as considerable expenses would have to be incurred to earn that hire. The compromise set out in 21.1.5 is that the owner is limited to insuring a sum representing 50% of the gross hire to be earned in a period not exceeding 18 months, after taking into account any amount insured under 21.1.2 on Freight for time.

It should be noted that the Time Charter Hire referred to in this clause does

not embrace that form of insurance termed “Loss of Hire”. In 21.1.5 we are dealing with policies covering total loss of Time Charter Hire arising from the total loss of the vessel, whereas a Loss of Hire policy pays nothing in the event of a total loss of the vessel and claims can arise only when the ship is prevented from earning hire while undergoing repairs etc. to a damage caused by a peril insured against.

**21.1.6** *Premiums. A sum not exceeding the actual premiums of all interests insured for a period not exceeding 12 months (excluding premiums insured under the foregoing sections but including, if required, the premium or estimated calls on any Club or War etc. Risk insurance) reducing pro rata monthly.*

The annual premiums payable by a shipowner in respect of the various insurances placed by him on the ship and other subsidiary interests can amount to a substantial sum. The shipowner has an insurable interest in respect of these premiums as per Section 16 of the Marine Insurance Act 1906, and Clause 21.1.6 permits such an insurance. However, if the vessel becomes a total loss, say 3 months after the commencement of the insurances, the claim on the policy covering premiums will be reduced pro rata monthly as the premiums were “earned”, i.e. on a 12 months policy there will be a recovery of only 75% of the premiums paid.

**21.1.7** *Returns of Premium. A sum not exceeding the actual returns which are allowable under any insurance but which would not be recoverable thereunder in the event of a total loss of the Vessel whether by insured perils or otherwise.*

Reference to Clause 22 will show that if the vessel is laid up for a period in excess of 30 consecutive days during the currency of the policy, a return of premium will be paid, but only provided that the vessel does not become a total loss later during the currency of the same policy. In other words, the return of premium is not payable until the expiry of the policy, and dependent on the safe survival of the ship.

This Clause permits the insurance of such returns of premium.

**21.1.8** *Insurance irrespective of amount against: Any risks excluded by Clauses 23, 24, 25 and 26 below.*

Insurances irrespective of amount are permitted against the risks excluded by:

Clause 23 - (War Risks)

Clause 24 - (Strikes)

Clause 25 - (Malicious Acts)

Clause 26 - (Nuclear Risks)

**21.2** *Warranted that no insurance on any interests enumerated in the foregoing 21.1.1 to 21.1.7 in excess of the amounts permitted therein and no other insurance which includes total loss of the Vessel P.P.I., F.I.A., or subject to any other like term, is or shall be effected to operate during the currency of this insurance by or for account of the Assured, Owners, Managers or Mortgagees. Provided always that a breach of this warranty shall not afford the Underwriters any defence to a claim by a Mortgagee who has accepted this insurance without knowledge of such breach.*

Clause 21.1 and its 8 sub-sections dealt with above is drafted in a positive, “permissive” manner, but this Clause 21.2 shows that the whole Clause is “restrictive” in nature and a warranty. If the assured places insurances in excess of the amounts specified in 21.1.1/8, or any other insurance which covers total loss of the vessel, he will have broken this warranty and underwriters can avoid the policy.

As mentioned under 21. 1. 5, insurances against Loss of Hire, for example, which pay nothing in the event of a total loss of the vessel, are not proscribed by the terms of this Clause.

**Clause 21 RETURNS FOR LAY-UP AND CANCELLATION**

**22.1** To return as follows:

**22.1.1** Pro rata monthly net for each uncommenced month if this insurance be cancelled by agreement.

**22.1.2** For each period of 30 consecutive days the Vessel may be laid up in a port or in a lay-up area provided such port or lay-up area is approved by the Underwriters (with special liberties as hereinafter allowed)

(a) ..... per cent net not under repair

(b) ..... per cent net under repair.

If the Vessel is under repair during part only of a period for which a return is claimable, the return shall be calculated pro rata to the number of days under (a) and (b) respectively.

**22.2 PROVIDED ALWAYS THAT**

**22.2.1** a total loss of the Vessel, whether by insured perils or otherwise, has not occurred during the period covered by this insurance or any extension thereof

**22.2.2** in no case shall a return be allowed when the Vessel is lying in exposed or unprotected waters, or in a port or lay-up area not approved by the Underwriters but, provided the Underwriters agree that such non- approved lay-up

area is deemed to be within the vicinity of the approved port or lay-up area, days during which the Vessel is laid up in such non-approved lay-up area may be added to days in the approved port or lay-up area to calculate a period of 30 consecutive days and a return shall be allowed for the proportion of such period during which the Vessel is actually laid up in the approved port or lay-up area

**22.2.3** loading or discharging operations or the presence of cargo on board shall not debar returns but no return shall be allowed for any period during which the Vessel is being used for the storage of cargo or for lightering purposes

**22.2.4** in the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly

**22.2.5** in the event of any return recoverable under this Clause 22 being based on 30 consecutive days which fall on successive insurances effected for the same Assured, this insurance shall only be liable for an amount calculated at pro rata of the period rates 22.1.2(a) and/or (b) above for the number of

days which come within the period of this insurance and to which a return is actually applicable. Such overlapping period shall run, at the option of the Assured, either from the first day on which the Vessel is laid up or the first day of a period of 30 consecutive days as provided under 22.1.2(a) or (b), or 22.2.2 above.

The premium payable for an insurance for 12 months or other period of time is based on the assumption that the vessel will be “trading” throughout that period, and subject to the many risks associated with sea voyages and entering and leaving ports, etc. Although that premium is legally deemed to be fully earned during the first minute after the insurance attaches, underwriters accept that part of the premium should be returned if, after the commencement of the risk:

- a) The insurance is cancelled by agreement, or
- b) The vessel is “laid up” for a period in excess of 30 days.

Accordingly, and in particular:

#### Cancellation Return

Where the insurance is cancelled by agreement (e.g. on sale of the vessel, or any other of the events mentioned in the Termination Clause 4), a pro rata return of the net premium will be made for each uncommenced month of the insurance still to run.



## Laid – up Returns

Where the vessel is laid up in a port or an approved lay-up area in a sheltered bay etc., for each period of 30 consecutive days a return will be made of:

- a) Part of the premium, if the vessel is not under repair
- b) A smaller part of the premium, if the vessel is under repair.

(Underwriters must obviously retain some part of the premium even when the vessel is laid up, as the vessel is still subject to some risks.)

The expression “laid up” does not mean that the vessel must be immobile and not move or shift within the port etc. There is a well-established custom that she may load or discharge cargo (though see 22.2.3 below), or proceed to and from a repair yard or drydock.

The expression “under repair” is generally construed to mean repairs for which underwriters are liable, and the higher rate of return for “not under repair” is usually payable when only routine maintenance repairs on owner’s account are being carried out – (though not substantial structural alterations!)

In the scope of the present Analysis, it may be necessary to draw attention only to the provisions of 22. 2. 1:

Any “laid-up” return becomes payable only on the expiry of the insurance (or any

extension thereof under the Continuation Clause 2), and then only provided that the vessel has not become a total loss – from any cause - subsequent to the period for which a laid-up return might be due.

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## **IN BRIEF**

### **Lectures & Workshops on Practical Aspects of Hull Insurance**

**Claims** (MATF-funded course on the “pre-approved” list (maritime-related) under ProTERS) – a series of four 1-day courses, organised by the Institute in conjunction with Asia Maritime Adjusting (Hong Kong) to provide a masterclass on the practical application of the principles of marine insurance in handling, adjusting and settling hulls claims, with a view to achieving the objectives of speed, economy, accuracy of settlement, and indeed a satisfied insurer (and Reinsurer) and Assured.

- Course 1 – Particular Average on Ship - being held on 5th October 2019 was fully enrolled (30 seats).
- Course 2 – General Average and Salvage – to be held on 23<sup>rd</sup> November 2019.
- Course 3 – Total Loss & Sue & Labour Charges – to be held on 18th January 2020.
- Course 4 – Collision Liability – to be held on 21<sup>st</sup> March 2020.

## BELT AND ROAD INITIATIVE FORUM II

The Inaugural (1<sup>st</sup>) Session of the BRI Forum II, jointly organized by The Hong Kong Logistics Management Staff Association (HKLMSA), C.Y. Tung International Centre for Maritime Studies, PolyU (ICMS) and the Hong Kong Seamen Union (HKSU), is to be held on 31<sup>st</sup> October 2019 on “BRI General Theory (BRIGT) & Greater Bay Area GBA”. It will use the BRIGT to explain the “Vision & Realization” of the BRI through the BRI Triangle and its IDL/ILI Methodology. The session will examine the GBA and the role designated for Hong Kong in it under the BRI. There will be case studies on the many challenges ahead in the process of realization.

## HK Maritime Week 2019

- Since the inauguration of the Institute 35 years ago, the Institute has established itself as a pioneer in the Maritime and Shipping Industry of Hong Kong, in the promotion of technical and commercial know-how for the professionals in the Industry. The Institute is to celebrate its 35th anniversary by means of a cocktail reception, to be held on Monday, 18th November, 2019 at the HK Maritime Museum.
- On the following evening, 19th November 2019, the Institute, will co-organize (with the Marine Insurance Club and the Institute of Chartered Shipbrokers) an open forum on marine insurance claims.

- On Thursday, 21st November 2019, the Editor of this column will be the guest speaker at CILTHK (The Chartered Institute of Logistics and Transport) Seminar: Following a Maritime Casualty – Adjusting Averages.
- The above-mentioned Course 2 – General Average and Salvage happens to fall on 23rd November 2019 during the Maritime Week.

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*(Raymond T C Wong: Average Adjuster)*



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Asia Maritime Adjusting - Shanghai  
Asia Maritime Adjusting Pte Ltd. - Singapore  
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香港筲箕灣道68號西灣河中心9樓B室  
Office B, 9/F, Sai Wan Ho Plaza, 68 Shau Kei Wan Road, Hong Kong  
T. 852 3996 9876; 3590 5653  
E. info@averageadj.com

[www.averageadj.com](http://www.averageadj.com)



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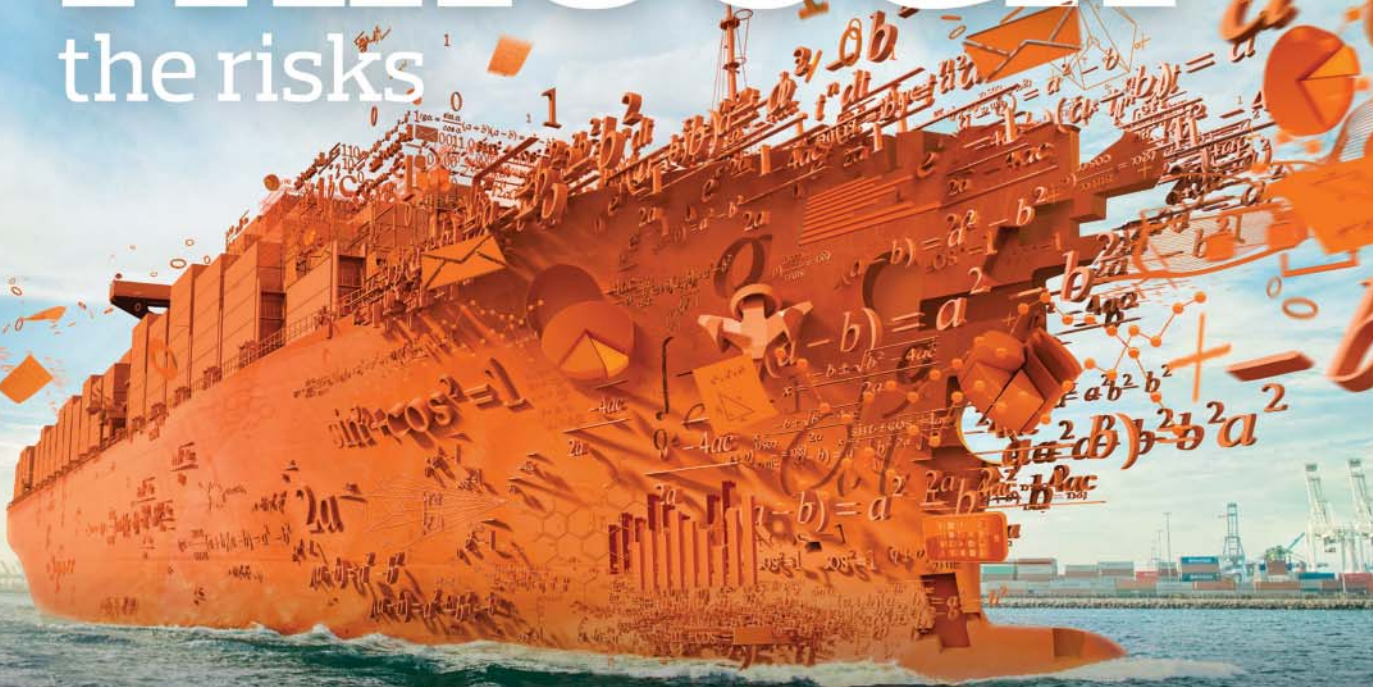
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the risks



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