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INTERNATIONAL CONFERENCE ON TONNAGE MEASUREMENT OF SHIPS, 1969

SUMMARY RECORD OF THE THIRD PLENARY MEETING

held at Church House, Westminster, London, S.W.1,
on Wednesday, 28 May 1969, at 9.45 a.m.

President:	Admiral E.J. ROLAND (USA)
Secretary-General:	Mr. Colin GOAD
Executive Secretary:	Mr. V. NADEINSKI

A list of participants is given in TM/CONF/INF.1/Rev.2 and Corr.1.

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AGENDA ITEM 5 - PROPOSED COMMITTEE STRUCTURE OF THE CONFERENCE AND ORGANIZATION OF WORK (continued)

Mr. de MATTOS (Brazil) said that the Conference should now choose between basic Proposals B and C or a combination of their elements for inclusion in a draft convention to be applicable to all States.

It would be impossible to devise a perfect system, and full consideration must be given to technical developments within the near future, or it would be obsolete before coming into full effect. Simplicity, uniformity of application and flexibility were essential.

Mr. CHRISTIANSEN (Norway) said that although he had been impressed by Mr. Prohaska's arguments at the previous meeting, he feared that they would cause serious practical difficulties.

Mr. GUPTA (India) observed that basic Proposals A and B had not secured much support, and most representatives seemed inclined to favour Proposal C and the Danish amendments. Time would be saved by examining the two last proposals with such modifications as they might require.

Viscount SIMON (Observer for the International Association of Ports and Harbors), speaking at the invitation of the President, introduced the IAPH statement (TM/CONF/12). IAPH was a non-governmental organization representing most of the large ports, and at its sixth biennial conference in March 1969 it had adopted a resolution concerning the tonnage measurement proposals. Port authorities did not have the technical knowledge needed for the present Conference, but as tonnage measurement was used fairly widely to assess port charges they had an interest and views to express which, he hoped, might be useful. IAPH had not indicated a preference for any one of the basic proposals before the Conference, but had only sought to identify the conditions which any system finally adopted ought to meet.

The statement in operative paragraph (1) of its resolution was probably common ground. In operative paragraph (2) IAPH advocated a system with only one set of tonnages in order to avoid the difficulties arising under the existing tonnage mark system. It could be based on both gross and net tonnage but, with the increasing size of ships, port authorities might in future tend to assess port dues on the basis of the former rather than the latter, because of the higher capital investment and increased operating costs due to having to handle larger ships.

The essence of operative paragraph (3) were perhaps more controversial, but it dealt with a very fundamental issue. If the new system, when approved, were not applied within a reasonable but short transition period to all ships, thus eliminating distinctions between old and new ships, and the new system was radically different from the old (e.g. that based on displacement), it would clearly not be merely a question of applying a standard charge as there would be no conversion factor. There would then have to be two separate schedules of charges, and in that event precisely similar ships might not be charged at the same rates.

In the past, shipowners had sometimes been released from the obligation of making costly alterations to existing ships, and in so far as tonnage limits affected requirements for particular safety equipment etc., such charges might be burdensome. The same results could presumably be achieved if Governments could agree that, notwithstanding the new basis for tonnage measurement, existing ships should continue to be accepted for such purposes in the same category in which they had been under the old basis for measurement. Subsequently, all ships would be given tonnages on the new basis that would apply for assessing dues. Port charges did not form a very substantial part of running costs, and the redistribution of the burden through a new system of tonnage measurement ought not to be too burdensome for any ship.

The statement in operative paragraph (4) was almost unnecessary, as the results of any new international agreement ware seldom translated into action rapidly.

Mr. LEBER (Observer for the Panama Canal Company), speaking at the invitation of the President, said that he had been questioned by several delegations about the Company's attitude to a new system of tonnage measurement. Before addressing himself to that question, which he considered a logical one, Mr. Leber thought it advisable to give some background information on the Panama Canal.

By August 1969, the Canal would have been an international utility for 55 years and, in accordance with the non-discrimination provisions laid down in the Hay-Pauncefote Treaty of 1902 between the United States and the United Kingdom, it had been open to ships of all countries at all times on the sole condition that they could pay the toll. During its 55 years of existence, over 400,000 ships and 2 billion tons of cargo had passed through the Canal.

During its 55 years, the Canal had seen many changes, for example there had been changes in the pattern of commodities carried. To cite a few: in 1914 one of the main cargoes had been Chilean nitrates used in the manufacture of ammunition; but in 1968 the quantity had been negligible. Not much coal, except for refuelling, had passed through the Canal in the early days but now it was one of the main items. Petrol and petroleum products had constituted about 20 per cent of the traffic throughout the Canal's existence but the direction of flow had changed radically. With new discoveries in Alaska it was impossible to foretell future trends in petrol movement.

Greater changes had also occurred in the volume of traffic carried over various trade routes: United States inter-coastal traffic had initially accounted for over 50 per cent of the total but had dropped to about 5 per cent, whereas traffic following the U.S. East Coast route to the Far East - insignificant in the Canal's early years - now represented about 37 percent of Canal cargo transitted.

In the early days no difficulties had been encountered over the size or numbers of ships. The present average was 40 ships a day but a maximum of 65 ships had been handled in one day. Ships of up to 106 feet beam could be accepted regularly; and when the lake elevation was above 86 feet, ships up to 39 or 40 feet draught could pass through. Some large ships such as tankers were now too wide to get through the 110-foot Canal locks, and when loaded exceeded the maximum permissible draught. The locks had not been altered since the Canal's construction but all the towing locomotives had been made more powerful and efficient. Lights had been installed to allow for round-the-clock operation. Among other technical improvements, he mentioned that the 8-mille Gaillard cut was being increased in width from 300 to 500 feet, and that project would be completed in about a year, with the final 3 miles of widening costing about $20 million.

While the Canal had seen all those changes, one important thing had <u>not</u> changed - namely, the toll rate charged which was still the same as in 1914. The Company had not yet finished a detailed study of how to develop the Canal's optimum capacity, but some tentative conclusions could already be drawn i.e. that two sets of towing locomotives were needed in each lane

at Gatun and Maritime Locks, as well as a sufficient and dependable water supply for anticipated higher volume of traffic, particularly during the dry season. These improvements would permit the passage of an estimated 24,000 to 25,000 ships a year compared to a little less than 15,000 during the fiscal year 1969. Other long-range studies were under way, including one on the possibility of building a sea-level canal, about which no decision had yet been taken.

The average toll was about $6,500 per ship, the maximum being about $32,000 for the largest ship which could at present be accepted.

The "Canal Zone Code" stipulated that tolls should be calculated in such a way as to cover, as far as practicable, operating and maintenance costs. There was therefore no profit motive nor should any additional burden fall on the United States taxpayer. While there was no need now to change toll rates, nor did the Canal Company so intend, the Company had recognized that there might have to be such changes at some future time and it was studying the possible effects of such action. The preliminary conclusions reached were that the effect of increased tolls would vary according to the commodity carried. Some might drop out with relatively small increases because it would be cheaper to use alternative means, but other traffic would be retained despite substantially increased tolls. At all events, many countries and firms were bound to be affected. It had been estimated that on an average tolls could be increased by about 25 per cent without too much loss of Canal traffic; but if the increase were higher, a considerable drop in the volume of traffic could be expected. Mr. Leber again emphasized that the Company was <u>not</u> at present proposing a change in toll rates.

In reply to a question, Mr. Leber said that the Company would try to use any system agreed on and accepted, in the desire to serve the international community as it had done for the past 55 years; but clearly much would depend on the system chosen by the Conference. Toll rates might have to be adjusted to ensure an adequate revenue, to comply with pertinent Codes, Laws, Treaties, etc. It would not be simple to work out a means of arriving at the same toll for similar types of ships and it might prove necessary to introduce differential tolls according to types of ship and the commodities carried. The present system was simple, the rate charged being 72 US cents in ballast and 90 US cents if laden (without regard to amount or type of cargo). He doubted whether his Company would favour a complex system of computing toll rates since that would undoubtedly arouse criticism and complaints of discrimination from Canal users.

Mr. LOLONG (Indonesia) said that in principle his delegation supported the views expressed by the United Kingdom, France, Sweden and the Netherlands on choice of parameters. It favoured two parameters, one indicating the size of the ship and the other the earning or load-carrying capacity. The real purpose of tonnage measurement was to serve as a basis for the calculation of charges by port and harbour authorities, and for that purpose it was gross tonnage and deadweight, rather than net tonnage, that was most commonly taken into account. He therefore thought it best to have gross tonnage as the first parameter, for use in estimating port dues.

Concerning the second parameter, he was attracted to the Finnish proposal because he felt that deadweight was a better criterion than displacement in estimating cargo capacity. He favoured a combination of the gross tonnage concept in Proposal C and the Finnish deadweight proposal.

He agreed with the view expressed by the United Kingdom and France that the use of dual tonnages should be dispensed with as it gave rise to too many complications, and also shared the Indian view that the time had come to take a decision on which parameters should be used.

Mr. GANTIOQUI (Philippines), referring to his delegation's paper TM/CONF/3/Add.4, said his delegation was in favour of Proposal C on the grounds that it was simple, capable of uniform application, and independent of type of ship, location and size of spaces, and constructional features.

Mr. DOINOV (Bulgaria) stressed that any new universal system of tonnage measurement should be logical, based on adequate technical foundations, and simple enough for world-wide application. His delegation had a strong sympathy for Proposal C but felt that a new system should include two parameters, one expressing the dimensions of the ship and the other its earning capacity. He shared the doubts expressed on the use of displacement as a second parameter, on the grounds that its application to ships of a certain design would create practical difficulties. It should be possible to find a second parameter which would reflect the ship's cargo and passenger capacity and would also be related to dimensions, and he thought that the parameter proposed by the USSR might be suitable. It was essential to ensure that any new universal system was applicable to both new and existing ships.

Mr. MURPHY (USA) said there seemed to be general agreement that two parameters were necessary, although there was considerable difference of view as to the type and derivation of those parameters. It was important not to inhibit discussion in the Technical Committee by too much detailed consideration of the different proposals, and he suggested that the Technical Committee should be formally charged with examining all proposals made with a view to deriving parameters which the Conference would later consider.

Mr. WIE (Norway) supported that suggestion. He reminded the Conference that there was already in existence a world merchant fleet totalling nearly 200 million gross tons; it was therefore vital that any new system adopted should also be suitable for existing ships.

Mr. KING (Kuwait) thought the Technical Committee should be presented with a minimum of alternatives to study. He suggested that the plenary should choose one, or at the most two, parameters on which the Committee could work.

Mr. ROCQUEMONT (France) agreed, adding that any solution adopted ought to be independent of consideration of possible problems in the transitional period, since problems of transition were bound to arise in any event. Since there was general agreement that any future system should not retain either the tonnage mark system or dual tonnages, he suggested that a decision should be taken to that effect before a choice was made of a single parameter or set of parameters on which the Technical Committee could work.

Mr. PROSSER (UK) agreed that the Technical Committee should be given a restricted choice; if it had to debate the merits of a great variety of systems, it was unlikely to reach agreement. The plenary could not avoid a certain amount of preliminary technical discussion if real progress was to be made.

Mr. GUPTA (India), Mr. de MATTOS (Brazil) and Mr. BORG (Sweden) supported that view.

Mr. de JONG (Netherlands) felt it was for the plenary to decide certain basic questions, namely whether there should be one or two parameters; whether the new Convention was to be applied without discrimination to both old and new ships; whether it was desirable to aim for tonnages as near as possible to those existing; and finally whether the system combining Proposals A and

B or proposal C was preferable. He agreed that the first step was to take a decision on a matter on which there was already broad agreement, namely that the tonnage mark system ought not to be used in any future system.

Mr. CHRISTIANSEN (Norway) supported what had been said on the need for two parameters, and agreed that the tonnage mark scheme should be abolished. The most recent Norwegian proposal, set out in TM/CONF/9/Add.1, contained no definitions of exempted spaces, open spaces or deductible spaces on the grounds that such definitions would lead to difficulties of interpretation. It made use of two parameters, gross tonnage and net tonnage. It eliminated the tonnage mark scheme but left open the possibility for recognition of open shelter-deck ships, because those ships served a special purpose in world trade.

It was important to arrive at tonnage values as near as possible to existing ones, so that existing and new ships could be treated alike and so that there should be the minimum delay before the Convention came into force.

He suggested that the Technical Committee should be asked to try to reconcile the two main schools of thought hitherto expressed, the C school and the "Norwegian" school. When the Committee had arrived at a compromise between those two alternatives, it could report back to the plenary meeting for further instructions.

Mr. ENDO (Japan) agreed that the Technical Committee should be given specific instructions on which to work. The plenary could decide such questions as whether there should be one or two parameters and whether or not dual tonnages should be retained; but technical considerations, such as what should

be the basis of those parameters, should be left to the Committee. If possible, the Committee should be given only two alternative parameters to study.

Mr. BREUER (Federal Republic of Germany) said that the plenary Conference needed clearly defined topics of discussion for its further work. A satisfactory list of items had been suggested by Denmark (TM/CONF/3, page 5, paragraph 2(b)). The first two were suitable for debate straight away. The remaining items could be taken up after decisions had been reached on those two points. That course would be preferable to embarking immediately on a discussion of Proposals A, B and C.

Mr. MURPHY (USA) said that he endorsed the views expressed by the Norwegian and Japanese representatives, and did not think the plenary Conference should take any action which would inhibit the discussion of technical questions by the Technical Committee. It might be helpful if the Technical Committee was instructed to examine Proposal C and the Norwegian Proposal as two main alternatives, but without prejudice to its consideration of the other proposals before the Conference.

The United States could agree to the elimination of the tonnage mark and the dual tonnage certificate, but thought that the shelter-deck exemption concept would need to be retained for economic reasons.

The individual discussion of the items suggested by Denmark in TM/CONF/3 would be an appropriate course for the Conference to follow.

Mr. BRINTON (Liberia) said that it was time to take a decision on the parameters to be used in the new system. The five points enumerated by Denmark would be suitable topics for consideration by the Technical Committee. His delegation

thought that two tonnages were necessary. The shelter-deck concept should be retained because of the large number of existing vessels of that kind; there would be excessive economic upheaval if it was eliminated. The interests of existing vessels also required that the new tonnages should be as close as possible to the present ones and that satisfactory transitional measures should be laid down for existing ships. In the latter connexion, Article 4(4) of the International Convention on Load Lines, 1966, would form a suitable precedent. The Technical Committee could decide what tonnage unit was to be used.

Whatever decisions were taken, the interests of shipowners must receive the fullest consideration. No type of vessel should be driven off the sea because of a new tonnage measurement system, and shipowners must be left in a position in which they could service world trade adequately while operating on a sound economic basis. Bearing in mind the importance of economic factors, his delegation favoured the Regulations proposed by Norway in TM/CONF/9/Add.1, which met all the requirements Liberia regarded as necessary if its fleet was to be maintained in its present state. The Norwegian proposal would constitute a useful basis for the work of the Technical Committee, which could perhaps consider Proposal C as an alternative. The Technical Committee should not, however, overlook points in the other proposals.

Mr. MILEWSKI (Poland) said that the consideration by the Technical Committee of two complete alternatives would take too long. Its work would have a more realistic basis if the plenary Conference first had a preliminary discussion along the lines suggested by the representative of the Federal Republic of Germany. In the Polish view, two parameters and two tonnages were necessary.

If the Conference found that criterion acceptable, it could go on to decide what methods should be used to calculate the two tonnages. The Technical Committee should be given clear instructions to work out suitable methods and report back to the plenary Conference. The tonnage mark question could be settled in plenary, but the Technical Committee would have to decide whether it was technically desirable to retain the tonnage mark. Whatever tonnage measurement system was adopted ought to apply to both new and existing ships, otherwise serious practical difficulties would arise.

Mr. GRUNER (Finland) drew the attention of the Conference to his country's proposal for a universal system of tonnage measurement (TM/CONF/8) and outlined the considerations set forth under the heading "The Finnish Proposal" on pages 7 - 11 of TM/CONF/3/Add.5.

Mr. de JONG (Netherlands) said that Proposal C had been objected to on the ground that it would be difficult to define open spaces; but the way in which the Panama Canal Rules were applied showed that no difficulties arose in practice if the Regulations were sufficiently detailed. The Netherlands Government was therefore suggesting a set of detailed Regulations as an amendment to that Proposal. The advantage of Proposal C was that it allowed designers to place 'tween-decks where they wished. With regard to Proposals A and B, in the form in which they were combined in TM/CONF/9/Add.1, the definition of a second deck was based on the old shelter-deck concept and would represent an obstacle to modern ship design and construction from the point of view of the development of container and roll-on/roll-off ships.

Mr. HABACHI (Observer for the Suez Canal Authority), speaking at the invitation of the President, said that the Suez Canal administration had always distinguished between two classes

of vessel. Under its Regulations, vessels were either in the light ("lège") or loaded condition ("chargé"); the former category comprised vessels on non-revenue-earning voyages and the latter all other vessels. The two main principles underlying the Suez Canal Regulations were the protection of the vessel's interests, i.e. humanitarian interests, and the establishment of the lowest possible tonnage. With the latter in mind, the Regulations provided for exempted spaces, which were either open spaces or spaces in which no cargo was carried. Those were the spaces which were not necessary to the vessel; all spaces which were necessary to the vessel were included in the tonnage. If a shipowner wished to make use of exempted spaces, their volume was ipso facto added to the tonnage.

The Technical Committee could usefully be instructed to define the tonnage, specify the positions of decks and decide whether a term such as "cargo capacity" would be preferable to "earning capacity". The Suez Canal Authority would be very glad to serve on the Technical Committee.

Mr. ROCQUEMONT (France) pointed out that governments had had little opportunity to study the Regulations proposed by Norway in TM/CONF/9/Add.1. However, they seemed to differ fundamentally from those in Proposal C, which were based on total displacement and total volume in that criteria involving position, nature and use were employed to determine the spaces to be taken into account in calculating the gross and net tonnages. A displacement-type system was less complicated and easier to interpret than one based on criteria of that kind, which could have repercussions on ship design. Coefficients were also a source of complication in the Norwegian proposal. It had been

claimed that the Norwegian proposal catered for shelter-deck vessels, but that was also true of Proposal C, since a vessel's certified displacement took account of the density of its cargo. All vessels could benefit from a displacement-based system. The Norwegian representative had asked exactly what form Proposal C now took. The answer surely was, the form in which it was originally submitted to governments.

The meeting rose at 12.30 p.m.